



22 January 2015

Ken Siong  
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**By email: [Ken.Siong@ethicsboard.org](mailto:Ken.Siong@ethicsboard.org)**

Dear Ken

**Submission on the International Ethical Standards Board for Accountant's ("IESBA")  
Consultation Paper: Improving the Structure of the Code of Ethics for Professional  
Accountants ("the CP")**

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## Our Response to the Consultation Paper

We commend the IESBA's efforts to improve the structure of the Code of Ethics for Professional Accountants ("the Code") to make the Code more understandable to users. We would however like to make the following specific comments with regard to the CP.

### **a) Impact on implementation and consistent application (Question 2)**

We believe that the primary purpose of the Code is to establish a code of ethics for professional accountants to apply as they conduct their professional activities both in public practice and in business. We are supportive of the steps being taken by IESBA to improve the Code's usability as we believe this will result in the Code being more consistently applied and more easily implemented by all users. In Australia and New Zealand we have not experienced difficulties in our own quality review programs when considering and enforcing the consistent application of the Code

### **b) Reordering the Code and numbering convention (Question 3)**

We are supportive of the proposed change to the ordering of the Code and to the numbering conventions. Re-drafting the code in a manner that logically collates matters will assist users in applying the code.

### **c) Dividing the Code into separate standards (Question 4)**

We do not believe that dividing the Code into separate standards would improve the visibility or enforceability of the Code. We feel that issuing the Code as separate standards could have two possible outcomes;

- dividing the Code into a number of stand-alone standards would require a considerable amount of repetition and/or cross referencing between standards which we do not believe would enhance their understandability or usability.
- when using the standards there would be an increased tendency to only consider the requirements or refer to the examples in the applicable standard rather than the suite of standards as a whole. For example, if the matter related to financial interests a user might only refer to the standard that relates to independence matters without also considering the fundamental principles.

**d) Unintended change in requirements due to re-drafting (Question 5)**

It is important that as part of the re-drafting process the obligations of professional accountants are not varied unintentionally. By example we have compared the following paragraphs

Existing Code	Proposed New Code	Comments
290.4 In the case of audit engagements, it is in the public interest and therefore, required by this Code, that members of audit teams, firms and network firms shall be independent of audit clients.	400.005 When performing an audit engagement, a professional accountant shall: a) be independent of the audit client; and b) comply with each of the provisions of Part IV.	Whilst both paragraphs appear consistent the following differences could give rise to a changed interpretation of the Code: <ul style="list-style-type: none"> <li>the existing Code refers to public interest whilst the proposed new Code is silent</li> <li>the existing code requires compliance with the Code at paragraph 100.1 whilst the proposed new Code specifically refers to complying with Part IV which could create a view that compliance is limited to Part IV.</li> </ul>
100.5 (b) Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements	100.005 (b) Objectivity – to provide professional or business judgements without bias, conflict of interest or undue influence of others	The subtle change in wording of this paragraph could have unintended consequences. The proposed new wording could be interpreted as being more closely related to the provision of services whilst the prior wording is linked to judgements more broadly.

**e) Timeline (Question 9)**

At paragraph 40 you indicate that an exposure draft would be issued in October 2015 with a standard being finalised in early 2017. We believe that to properly redraft and rewrite the code (refer to our comments at d) above) and to allow sufficient time for respondents to consider and prepare comments in relation to the proposed changes a longer time period should be anticipated.

**g) Application materials and transitional considerations (Question 10)**

The changes proposed in the CP are extensive. We recommend that the IESBA consider allowing a long transition period for the Code as we believe this would give users of the Code a greater opportunity to develop and enact transition plans. These plans would include re-drafting of policies at an organisation / firm level and the development and delivery of training. Any application materials provided by IESBA such as the table of concordance included in the CP would also be important to assist users.

If you have any questions regarding this submission, please contact Kristen Wydell (General Manager, Professional Standards, Quality and Liability Capping) via email; [kristen.wydell@charteredaccountantsanz.com](mailto:kristen.wydell@charteredaccountantsanz.com)

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Ward', is positioned above the printed name.

**Rob Ward FCA**  
**Head of Leadership and Advocacy**

CC – Via Email: Tony Dale, Chief Executive, External Reporting Board: [tony.dale@xrb.govt.nz](mailto:tony.dale@xrb.govt.nz)

CC - Via Email: Channa Wijesinghe, Technical Director, Accounting Professional & Ethical Standards Board Limited: [channa.wijesinghe@apesb.org.au](mailto:channa.wijesinghe@apesb.org.au)