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International Ethics Standards Board for Accountants
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Proposed Change to the Definition of “Those Charged with Governance”

The Institute of Chartered Accountants in Australia (the Institute) is pleased to have the opportunity to respond to this Exposure Draft. The Institute is Australia’s premier accounting body, which represents over 70,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

General comments

Overall, the Institute is supportive of the proposed change to the definition of “those charged with governance” to more closely align the Code’s definition with the definition contained in ISA 260.

Specific comments

Our views on the specific questions raised in the Exposure Draft follow:

1. Do respondents agree with the proposed change to more closely align the definition of “those charged with governance” to the definition contained in ISA 260, *Communication with Those Charged with Governance*?

The Institute agrees with the wording changes proposed to the definition of “those charged with governance” in the Code, as achieving the appropriate alignment with the definition in ISA 260.

2. Do respondents agree that in each case as noted in the Exposure Draft, communication to “those charged with governance or a subgroup thereof” would be appropriate?

No, the Institute does not agree with the repeated use of “or a subgroup thereof” in each case as noted. We consider that the use of “thereof”, while grammatically correct, should be avoided as it is too legalistic a term to serve as an aid to understanding for the average reader.

As an alternative we would favour a similar approach to that adopted in the Code at paragraph 290.3, where it is identified that references in that section to the terms “audit,” “audit team,” “audit engagement,” “audit client” and “audit report” include review, review team, review engagement, review client and review report. Therefore an appropriate statement within the Code identifying that the term “those charged with governance” includes subgroups would in our view be sufficient, and would preserve the overall readability of the Code.

The Institute would welcome the opportunity to provide additional clarification of the above comments if required.

Yours sincerely

Yasser El-Ansary CA
General Manager – Leadership & Quality
The Institute of Chartered Accountants in Australia

Customer Service Centre
1300 137 322

NSW
33 Erskine Street
Sydney NSW 2000

GPO Box 9985
Sydney NSW 2001
Phone 61 2 9290 1344
Fax 61 2 9262 1512

ACT
L10, 60 Marcus Clarke Street
Canberra ACT 2601

GPO Box 9985
Canberra ACT 2601
Phone 61 2 6122 6100
Fax 61 2 6122 6122

Qld
L32, Central Plaza One,
345 Queen Street,
Brisbane Qld 4000

GPO Box 9985
Brisbane Qld 4001
Phone 61 7 3233 6500
Fax 61 7 3233 6555

SA / NT
L29, 91 King William Street
Adelaide SA 5000

GPO Box 9985
Adelaide SA 5001
Phone 61 8 8113 5500
Fax 61 8 8231 1982

Vic / Tas
L3, 600 Bourke Street
Melbourne Vic 3000

GPO Box 9985
Melbourne Vic 3001
Phone 61 3 9641 7400
Fax 61 3 9670 3143

WA
L11, 2 Mill Street
Perth WA 6000

GPO Box 9985
Perth WA 6848
Phone 61 8 9420 0400
Fax 61 8 9321 5141