



International Ethics Standards Board for Accountants
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York
NY 10017
USA

28 September 2012

Dear Sir or Madam,

**PROPOSED CHANGE TO THE CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS
- DEFINITION OF "THOSE CHARGED WITH GOVERNANCE"
July 2012**

Introduction

We appreciate the opportunity to provide comments on the Exposure Draft (the "ED") relating to a proposed change to the definition of "those charged with governance".

We are responding on behalf of the PricewaterhouseCoopers global network of firms; PricewaterhouseCoopers' refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

Q1 - Change to the definition

We agree with the change to the definition and alignment with the definition used in ISA 260. We have some editorial comments in response to question 2 below.

Q2 – Application of the revised definition

We agree with the additional 3 references to a subgroup in sections 100, 200 and 280, albeit recognising that the reference is not explained.

As proposed, paragraph 290.28 effectively states that the firm may decide, perhaps after consulting the client, that it is appropriate to communicate with a subgroup of those charged with governance. We do not believe that it is then necessary to add the phrase "or a subgroup thereof" every time there is mention of those charged with governance. This is unnecessarily repetitive (35 such references) and this adds further length to the Code.

We recommend that the point be dealt with solely in paragraph 290.28 and that there is no need to repeat the phrase in the relevant paragraphs. This would be consistent with application in the ISA where the considerations are dealt with in paragraph 18, and guidance A5-A7, without any subsequent reference to a subgroup.

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We suggest amending the second new sub-paragraph to read:

“In complying with requirements in this section to communicate with those charged with governance, the firm shall determine the appropriate person(s) within the entity’s governance structure with whom to communicate. If the firm communicates with a subgroup of those charged with governance, for example an audit committee ~~[delete comma]~~ or an individual, the firm shall determine whether communication with all of those charged with governance is also necessary so that they are adequately informed.

Subsequent references in this section to those charged with governance should be read to refer also to a “subgroup thereof”.

We note that the final proposed sentence above in the ED addresses the consideration dealt with in ISA 260, A6. The Board may wish to consider adding at the end of that sentence “This may depend on how effectively and appropriately the subgroup communicates relevant information with the governing body”.

In any event we do not believe it is appropriate to include the references to the “subgroup” in the first sub-paragraph of proposed 290.28 as the concept of communicating to a subgroup has, at that point, not been introduced.

If the Board concludes, based on the responses, that it is appropriate to repeat the reference to a subgroup every time the term those charged with governance applies, then we believe that the concept of communicating with a subgroup is appropriate in all the paragraphs indicated, although we would question whether the reference is really needed in paragraphs 290.195 and 291.125.

Conclusion

If you would like to discuss any of the points raised in this letter, please contact Tom Troubridge (Telephone: +44 (0)20 7804 4723; e-mail: tom.troubridge@uk.pwc.com).

Yours faithfully

A handwritten signature in blue ink that reads 'Tom Troubridge'. The signature is written in a cursive style with a long horizontal stroke at the beginning.

Tom Troubridge