



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

545 Fifth Avenue, 14th Floor
New York, New York 10017
Internet: <http://www.ifac.org>

Tel: +1 (212) 286-9344
Fax: +1 (212) 856-9420

Agenda Item
5

Committee International Ethics Standards Board for Accountants

Meeting Location: JICPA, Tokyo, Japan

Meeting Date: October 19-20 2009

Impact Analysis

Objectives of Agenda Item

1. To review the proposed guidance on developing an impact analysis; and
2. To review a completed assessment.

Background

In April 2009, the IESBA received a presentation from Alta Prinsloo and Linda Lach, who are providing staff support on the IFAC project on impact analysis. They reported that IFAC staff has commenced a project to develop an impact analysis process for IFAC. This is being developed in consultation with an International Auditing and Assurance Standards Board (IAASB) task force and an IFAC staff group. The IFAC staff group includes representatives of the various IFAC boards and committees, the Compliance Advisory Panel and the Communications department.

The impact analyses process proposed for IFAC will submit the development of a proposed new standard to a systematic and structured approach, and provide credible evidential bases for the proposals of a standard-setting board. It will require a board to:

- Set out in clear and simple language the nature of a problem, the objective(s) of the board in addressing the problem, the options that were considered in achieving the objective(s), and the information used to inform the analysis of the options, as well as the final decision(s) of the board in regard to the problem; and
- Document and communicate this process.

The IAASB discussed impact analysis at its June meeting. It discussed an example of a completed impact analysis (Agenda Paper 5-B and proposed impact analysis guidance Agenda Paper 5-A). The IAASB approved the analysis guidance for pilot testing on one or more IAASB projects. The IAASB suggested that, before or as part of the pilot testing, further consideration be given to the term “audit effectiveness” and what is envisioned by “other impacts” as used in the impact analysis template.

Discussion

The Planning Committee has reviewed the impact analysis guidance and the example completed by the IAASB. It determined that it would be useful to pilot test the guidance on a section of the revised Code. The paragraphs on partner rotation were selected for testing. These paragraphs were selected because they are self-contained and discrete and contain several decision points.

The pilot testing is contained in Agenda Paper 5-C.

Material Presented

Agenda Paper 5	This Agenda Paper
Agenda Paper 5-A	IAASB Proposed Impact Analysis Guidance
Agenda Paper 5-B	IAASB Completed Impact Analysis
Agenda Paper 5-C	IESBA Completed Impact Analysis

Action Requested

1. IESBA members are asked to review the proposed impact analysis guidance contained in Agenda Paper 5-A and determine whether it is appropriate for IESBA; and
2. IESBA members are asked to review and provide comment on the IESBA Completed Impact Analysis contained in Agenda Paper 5-C.