



International Ethics Standards Board for Accountants Meeting Summary December 18-19, 2006

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This meeting summary of the International Ethics Standards Board for Accountants (IESBA) has been prepared for information purposes only. Except for approval of documents for public exposure and issuance of final pronouncements, decisions reported are tentative and reflect only the current status of discussions on projects, which might change after further deliberation by the IESBA.

Independence

The IESBA approved for exposure proposed revisions to the *Code of Ethics for Professional Accountants* relating to independence. The exposure draft comment period ends on April 30, 2007.

The proposals include:

- Splitting existing Section 290 into two sections; proposed revised Section 290 which sets out the independence requirements for audit and review engagements and proposed new Section 291 which sets out the independence requirements for all other assurance engagements;
- Extending the independence requirements for listed entities to all audit clients that are entities of significant public interest;
- Requiring a “cooling-off period” before a key audit partner, or the individual who is the firm’s senior partner, joins an audit client that is an entity of significant public interest;
- Extending the partner rotation requirements to all key audit partners (defined as the engagement partner, the individual responsible for the engagement quality control review and all other audit partners who are responsible for key decisions or judgments on the audit) on audits of entities of significant public interest and eliminating the flexibility for small audit firms to apply alternative safeguards to address the familiarity threat created by long-association of key audit partners; and
- Strengthening the guidance on the provision of non-assurance services including the provision of tax services to an audit client.

Next Meeting

The next meeting of the IESBA is scheduled to be held on March 6-7, 2007 in New York, United States.