Meeting: IESBA
Meeting Location: New York, USA
Meeting Date: December 3–5, 2018

Agenda Item

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eCode

I. Objective of Agenda Item

1. To receive a progress update on the development of the eCode, including a presentation from the developer.

II. Working Group

2. The Working Group (WG) comprises:
   - Don Thomson, Chair
   - Brian Friedrich, IESBA Member
   - Liesbet Haustermans, IESBA Member
   - Andrew Pinkney, IESBA Technical Advisor

3. An external developer has been engaged to progress the development of the eCode. The developer has built a team of experts with diverse skills sets, including user experience design, information architecture, and web application development to collaboratively deliver an impactful tool that will transform how professional accountants use the Code.

III. Background

4. The eCode initiative is a pre-existing Board commitment as described in the IESBA’s Strategic Work Plan 2019-2023 (refer to Agenda Item 7). The IESBA established the eCode WG in December 2017, taking steps to support the adoption and effective implementation of the International Code of Ethics for Professional Accountants (including International Independence Standards) (“the revised and restructured Code” or “the Code”).

5. At the September meeting, the Board received a demonstration of a prototype of the developing eCode and provided feedback on ways in which to enhance that prototype with a view to progressing to a staged website for the December Board meeting. The staged website will demonstrate some of the key functionalities of the eCode, in particular in response to the feedback received in September, but does not yet include the full content of the Code.

IV. Activities since the September 2018 Meeting

6. The WG held three teleconferences to reflect on feedback received at the September Board meeting and provide further input on the developing eCode prototype\(^1\) to facilitate a staged website

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\(^1\) A prototype is a preliminary model of something from which other forms are developed.
presentation for this meeting.

7. The developer participated in the WG’s teleconferences and received specific input from WG members to assist in the development of the staged website.

V. Format of the Board Discussion

8. The Chair of the WG will introduce the topic and invite the developer to present the staged website of the eCode during the first half of the session. The remainder of the session will be focused on discussing the issues in the Matters for Consideration section of this paper.

9. As noted above, the staged website of the eCode is still in development and a number of the functional elements and features are still evolving. After the developer’s presentation, Board members will be provided an opportunity to ask questions and make suggestions, which the WG will consider as inputs to progress its work.

10. The cross reference links will not be functional and only illustrative links to non-authoritative material will be demonstrated in the staged website. The work to complete these linkages will be completed by January 2019.

11. The Board will have the opportunity to provide additional feedback on the complete eCode in March 2019.

VI. Overview of eCode Initiative

12. The eCode initiative involves an exploration of how best to leverage technology to enhance the functionality, ease of access and navigability of the Code in a digital manner.

13. Key aspects that have been incorporated into the staged website of the eCode include:

- A more dynamic and interactive user experience to improve navigability, with footers providing links to the next page, an interactive table of contents listing headings and subheadings, expandable content (i.e., accordion approach), and pop-ups for defined terms.

- Tools to illustrate the key structural “building blocks approach” used to restructure the Code. In particular, the staged website of the eCode will:
  - Demonstrate circumstances where both general and topic-specific provisions apply; and
  - Clarify which material applies whether the users are: (i) PAIBs; (ii) PAPPs; or (iii) PAPPs who provide services for which they are required to be independent.

  Toolbox features facilitate navigation to related content at a section level, or on a paragraph by paragraph basis.

- Color to identify which part of the Code the user is reading.

- The “look and feel of an App” so that it can been accessed on all screen sizes including desktops and mobile devices with faster loading time as users navigate through the Code.

- Links to related non-authoritative material to the relevant provisions in the Code.

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2 A staged website is a restricted version of the final product, to enable an introduction to how the final product will work, but without all of the functions being fully developed.
VII. Matters for Consideration

Accessing and Using IESBA Publications

14. At the September 2018 IESBA meeting, the WG informed the Board that the use of the proposed eCode will be impacted by challenges that exist with accessing and using electronic IESBA publications. The WG notes that IESBA publications are copyrighted by IFAC and that a written request for permission is currently required to use or reprint any IESBA material in another publication, on a website, in audio or in any other format, including for academic courses (online courses, course materials or printed handouts).

15. The WG briefed the Board on stakeholders’ concerns and suggestions, including that the IESBA:
   - Revoke the prompt for a registered IFAC login ID and password.
   - Remove the password restrictions on the PDF version of the IESBA Code to allow users to be able to copy sections of it.
   - Work with IFAC to clarify its permissions and use policy because some stakeholders find it to be unclear and confusing. For example, there is confusion about when and how to request permission to reproduce, adapt or use material in the Code.

16. In relation to the permissions and use policy, there was also a view that it is a barrier to timely adoption and implementation of the Code because of the administrative burden that it presents for National Standard Setters (NSS), educators and others who are looking to access and tailor Word versions of the Code or related tools and resources.

17. The WG is continuing to liaise with the IESBA and senior IFAC management Staff to determine how best to deal with the concerns and suggestions relating to access and use of IESBA publications. The WG Chair will brief the Board during the meeting.

Non-authoritative material

18. A key feature of the eCode is to link related non-authoritative material to the relevant provisions in the Code. An example of the way in which non-authoritative material is expected to be linked will be demonstrated in the staged website during the meeting.

Identification of Non-Authoritative Material

19. It was determined that the non-authoritative material to be linked to the proposed eCode would be limited to the IESBA Staff-prepared material only (i.e., the material developed, or made available by other stakeholders would not be included). IESBA prepared material includes: Frequently asked Questions (FAQs), Basis for Conclusions (BfCs), At a Glance documents, Explanatory Memorandums, Consultation Papers, Slide Decks, and video interviews.

20. Identified IESBA developed material was grouped by topic, and then prioritized based on what would be most useful to aid in application of the Code:
   - Slide decks alone are not useful - extract diagrams.
● If multiple non-authoritative material relating to the same paragraph/topic is identified, avoid linking too much non-authoritative material that could become overwhelming.
● Older material (e.g., consultation paper) least likely to be linked, as resolution of matters would evolve with the project. No material from Board Papers was identified.

21. The key documents identified for linking include:
● The NOCLAR and Long association FAQs.
● Some of the text from the IESBA decisions outlined in the BfCs from the Structure, Safeguards, Applicability, Professional Skepticism and Professional judgement, Part C and the Inducements projects.
● Some of the text from the NOCLAR At a Glance document.
● Videos relating to:
  ○ The Enhanced Conceptual Framework;
  ○ Changes Relating to Recruiting Services;
  ○ Structural revisions to the Code with a focus on the revisions that will impact auditors;
  ○ An overview of NOCLAR: Q&A with IESBA Chairman;
  ○ What accountants need to know about NOCLAR; and
  ○ What SMPs need to know about NOCLAR.

Approach for Linking Non-Authoritative Material to eCode

22. The WG indicated a preference for the non-authoritative material to be linked at a granular level (i.e., not just to a whole document, but to the most relevant paragraph in the underlying non-authoritative material).

23. In each underlying document, the most important paragraphs have been highlighted and a position in the eCode identified for the highlighted text (for example where the explanation relates to the application of a specific paragraph) or in some instances at a section level (for example a video that explains the NOCLAR framework). The highlighted text will be included in the eCode with a link to the underlying document and a reference as to where the text can be found.

24. Some of the current non-authoritative material is not in a format that is easy to link to. For example, the paragraph references in certain the FAQs are to the extant Code. IESBA Staff are in the process of updating these FAQs to include the correct references to the revised and restructured Code. It is envisaged that these updated documents will be available for linking to the eCode by January 2019.

25. Some of the BfCs (e.g., those relating to NOCLAR, and the Close-off Documents for Part C and Long Association) also contain references to the extant Code. There are no plans to update these documents.

26. Identified non-authoritative material has been captured in an Excel spreadsheet to enable filtering and sorting by topic type/document/section in the eCode. Additional material may be identified as material is developed by the Restructured Code Roll-out WG.
27. This repository may also assist in the ongoing maintenance of the eCode if any of the linked non-authoritative material is updated or removed.

Tailoring the Text of Material in the BfCs to Link to the eCode

28. The “IESBA decision” has been identified as the most relevant information in the BfCs to link to in the eCode. However, minimal edits may be required to contextualize this material for inclusion in the eCode. Modification of the text included in the BfCs will be kept to a minimum.

Timeline

29. Phase 1 is targeted to be available no later than June 2019 – the effective date of the revised and restructured Code. The scope and timing of future phases will be impacted by the information about users’ experiences that is gathered as the product develops and once the eCode has been launched.

Beta Testing

30. The WG plans to seek input from a select group of beta testers in Q1 of 2019 and will incorporate their feedback in refining the eCode that will be demonstrated at the March 2019 IESBA meeting.

Planned Communication with Stakeholders about Status

31. The WG is planning to develop a publication for release in the first quarter of 2019 to update IESBA’s stakeholders, in particular firms, NSS and IFAC member organizations about the status of the eCode development.

Board, IESBA Consultative Advisory Group (CAG) and NSS Meetings

32. In March 2019, the WG expects to demonstrate the website to the CAG and seek final input from the Board.

33. The WG also plans to demonstrate the eCode at the IESBA NSS Liaison meeting in May 2019. Input from the NSS meeting will be incorporated in finalizing the eCode by June 2019.

VIII. Actions Requested

34. The IESBA is asked to consider the presentation and the various matters for consideration in Section VII of this paper and share their views about:

(a) The staged website for the eCode.
(b) The process for both identifying and then linking non-authoritative material to the eCode
(c) The scope and timing for the development of the eCode.
(d) Any other matters that might be relevant to the development of the eCode, in particular those summarized in Section VII of this paper.