



INTERNATIONAL FEDERATION
OF ACCOUNTANTS

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Agenda Item 8

Committee Ethics Committee

Meeting Location: Radisson SAS, Rome, Italy

Meeting Date: June 13-14, 2005

Accountants in Government

Objectives of Agenda Item

1. To approve a change in scope of the project

Background

At its September 2004 meeting, the Ethics Committee approved a project proposal to develop ethical guidance for accountants in government. There were two aspects to the project:

- Develop guidance on the application of the independence requirements in Section 290 for public accountants that perform assurance engagements – Section 290 applies only to professional accountants in public practice but assurance engagements are performed by professional accountants in government. Therefore, the Code contains no guidance on independence for accountants in government that perform assurance engagements; and
- Consider whether any additional guidance should be provided in Section C for professional accountants in government.

Discussion

The Accountants in Government Task Force met on April 7-8, 2005 to discuss the scope of the project and to identify preliminary issues.

The Task Force comprises:

Frank Attwood (chair)
Jeanette Franzel (General Accounting Office)
Peter Gregory (retired Deputy Audit General British Columbia)
Wim Moleveld
Tom Henry Olsen (International Public Sector Accounting Standards Board)
Tiina-Liisa Sexton
Vernon Soave (Chartered Institute of Public Finance and Accountancy)

In discussing the independence requirements for accountants in government that perform assurance engagements, the Task Force is considering whether there are any public sector differences that should be taken into account. It noted that there are contextual differences in the public sector that create differing levels of threats faced by such accountants and also the safeguards that may be applied. For example, in the public sector the accountability relationship is different and with changing governments those in the “management” position often change with differing election results – accordingly, the familiarity threat faced by accountants may differ.

The Task Force believes, however, that many of these contextual differences would apply equally to accountants in public practice that perform assurance engagements in the public sector. The Task force also noted that in many situations the audit of some components of a government’s financial statements are performed by professional accountants in public practice. For example, an auditor general may use professional accountants in public practice to perform audits of certain departments or programs. The Task Force is of the view therefore, that it should be considering the application of Section 290 for assurance engagements performed in the public sector irrespective of whether the engagement is performed by a professional accountant in government or a professional accountant in public practice.

Action Requested

1. Committee members are asked to consider the views of the Task Force and approve the modification to the scope of the project.