

IESBA STRATEGIC PLAN EXPOSURE DRAFT COMMENTS

X ref	Par Ref	Comment	Respondent	Proposed Resolution
1.		General Comments		
2.	General	Overall we support the proposed Strategic and Operational Plan for 2008-2009 and note that the proposed new projects are in line with the recommendations made in our submission to the IESBA in May 2007 on the IESBA Strategic Review Questionnaire.	HKCPA	General Comment
3.	General	The Ethics Committee supports the plan. We think that the exposure draft gives a concise and accessible description of the IAESB's plans for the future.	FAR	General Comment
4.	General	Support for Strategic and Operational plan, both regarding completion of the current work projects and its prioritisation of new projects.	ICANZ	General Comment
5.	General	<p>The ICJCE sent its answers to the survey on this operational and strategic plan in May and we are pleased to see that some of our views have been taken into account, particularly on two of the new projects to be dealt with in the near future: fraud and conflict of interest.</p> <p>However there are three major issues that the ICJCE would like to point out due to its importance in the process of adoption of the IFAC Code of Ethics and particularly the independence section of the Code in Europe:</p>	ICJCE	General Comment

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6.	General	We are of the view that the <i>Strategic and Operational Plan, 2008-2009</i> is sound and, subject to the comment below, the projects that it proposes are appropriate next projects for the IESBA. We would understand if, as the project commencement dates approach, there is some prioritizing of projects based on the then current circumstances.	CICA	General Comment
7.	General	We agree to the proposed Strategic and Operational Plan for the period 2008-2009	JICPA	General Comment
8.	General	We support the proposed Strategic and Operational Plan for the 2008 – 2009 period and agree that this plan will continue to assist the IESBA with its mission to serve the public interest by setting high quality ethical standards for the accounting profession.	GTI	General Comment
9.	General	We believe the IESBA's Proposed Plan for the period January 2008 through December 2009 is consistent with the IESBA's objectives as set forth in its Terms of Reference	AICPA	General Comment
10.	General	We believe that the proposed strategic and operational plan enhances the objective of the IESBA to serve the public interest by setting high quality ethical standards for professional accountants and by facilitating the convergence of international and national ethical standards, thereby enhancing the quality and consistency of services provided by professional accountants.	CPAS	General Comment
11.		Principles approach		

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12.	Principles approach	CIMA is a strong supporter of the principles-based approach to ethics, upon which the IFAC Code of Ethics is founded. Therefore, we feel strongly that any proposed IESBA project or activity should not result in outcomes that undermine this approach by moving the code closer to a set of rules by introducing more prescriptive guidance or prohibitions. Instead, where further guidance on aspects of the Code is necessary, we would prefer to see it issued as separate explanatory guidance, rather than as a part of the Code itself. Further comment on proposed projects is given below under ‘specific comments’.	CIMA	<p>IESBA is of the view that specific requirements are not inconsistent with a principles-based approach provided the requirements flow from the application of principles. The matter was discussed with the CAG at its September 2007 meeting and the CAG concurred with the view of the IESBA.</p> <p>In developing additional guidance in the Code the IESBA will ensure that the additional guidance is consistent with the principles based approach. The IESBA also issues Interpretations when necessary.</p>
13.	Principles approach	We have in our submission also requested IESBA to consider carefully the practical business and economic consequences of a more rules-based regime on small businesses and not-for-profit enterprises if a strict definition of ESPIs is to be applied to entities such as charities and schools. We are reluctant to support increases in the costs to such entities unless the benefits can be clearly seen to outweigh the costs.	HKCPA	See above
14.	Principles approach	In our comments to the amendments of Section 290 and 291 we strongly disagree with “the introduction of new absolutely prohibitions in section 290 that move this section away from the principles-based approach”. Issuance of further guidance material may be considered as new rules in the Code by some regulators and practitioners that could apply examples and guidance as a tick – box list. Therefore the ICJCE is of the opinion that material should be carefully prepared to avoid this effect.	ICJCE	See above

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15.	Principles approach	The proposed Strategic and Operational Plan for 2008 – 2009 also includes a list of four projects, including consideration of additional guidance on independence. In responding to the ED issued in December 2007, we expressed concern that certain provisions of the Code, if adopted as reflected in the ED, would expand the deviations from a principles-based approach without commensurate benefit. We support the conceptual framework and believe the topics to be considered by the Board can be evaluated using such framework without the need to adopt additional standards or what may be seen as rules. Moreover, as noted, we believe it is highly desirable for there to be a period during which there are no additional changes to the Code	DTT	See above
16.	Principles approach	<p>Appendix I of the Proposed Plan considers whether to supplement independence guidance contained in the IFAC Code of Ethics on a number of matters.</p> <p>FEE is committed to the principles-based approach as being the most robust because, inter alia, by focusing on the underlying aim rather than detailed restrictions and prohibitions, the principles-based approach combines flexibility with rigour in a way that is unattainable with a rules-based approach. This has been recognised in Europe by the European Commission Recommendation on Independence, which follows this approach, and the recently revised Statutory Audit Directive, which specifically endorses this approach in Article 22. We accept that a Code containing nothing but a general discussion of principles, threats and safeguards is unlikely to completely meet the needs of the modern, complex profession and that some requirements or rules as well as some guidance or examples of how these should be applied are necessary.</p> <p>We however believe that there is a risk that requirements and guidance, particularly for the audits of entities of significant public interest, move too close to a rules-based approach which can encourage a tick-box compliance with the form of the requirement rather than the spirit.</p>	FEE	See above
17.		Period of stability		

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18.	Period of Stability - Code	<p>The Board notes that there has been considerable volume of regulatory changes emanating from the IFAC and others and that implementing these changes will continue over the next two years at least. We are strongly of the view that a period of stability is necessary to allow member bodies and their members to understand and comply with the new provisions.</p> <p>Taking into account our comments regarding a period of stability we believe that the future projects proposed by the IESBA should as suggested concentrate on providing guidance rather than involve further amendments to the Code.</p>	CARB	<p>IESBA is of the view that there should be a period of stability and, therefore, absent an emerging issue necessitating immediate guidance, the IESBA will not issue any exposure drafts in 2009. This will provide a period of stability of approximately 18 months from release of the independence and drafting conventions material (mid 2008) to the beginning of 2010.</p>
19.	Period of Stability - Code	<p>Revising the Code</p> <p>For standards to be most effective, the audience that they are aimed at must be given a chance to assimilate and implement them over time. Given the recent revisions and those that are still under way, we do not support further revision of the Code at this time. Instead, we suggest that the IESBA turn their attention to strategies for:</p> <ul style="list-style-type: none"> a) promoting the code to professional accountants and increasing their awareness of the principles b) increasing accountants' understanding of how to apply the code, particularly those working in business 	CIMA	See above
20.	Period of Stability - Code	<p>As regards potential future work streams, we do not believe there is a strong case for urgent action within the Code on any of the items referred to in the consultation. Indeed it is important that there be a moratorium on piecemeal amendments to the Code for at least a couple of years to allow the volume of regulatory change by the International Federation of Accountants ('IFAC') and others being implemented over the next two years to be absorbed, understood and applied properly. Where changes are being considered going forward, they should utilise an evidenced based decision making process.</p>	ICAEW	See above

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21.	Period of Stability - Code	We believe a period of stability of these standards would be welcomed. While unforeseen circumstances requiring immediate change may yet arise, we would suggest that the IESBA proceed with these important new projects but delay or, if necessary, stagger their implementation dates. This would allow members of the profession and others to properly digest and adapt to the many recent changes in the standards.	CICA	See above
22.	Period of Stability - Code	We note that the results of the IESBA's Questionnaire on Future Ethics Priorities in May of this year ('the Questionnaire') are not referred to in detail in the consultation document. Nevertheless we see no reason to amend our response in the Questionnaire on this point, in which our key comment was: "We do not believe there is a strong case for urgent action within the Code on any of these items and indeed there should be a moratorium on piecemeal amendments to the Code for at least a couple of years. The volume of regulatory change at international and many national levels has been such as to endanger the ability of professional accountants to comply and of users to understand. IESBA should concentrate on specific areas of guidance outside of the Code and actions other than guidance."	ICAEW	See above
23.	Period of Stability - Code	<p>We understand the European Commission is considering whether to use the Code as a means of assessing the independence standards of 'third countries'. A period of stability will assist in this and, hopefully, other regulators may be persuaded to follow suit. thus, we suggest the IESBA should aim not to finalise further changes to the Code until at least 2010.</p> <p>In particular, where the independence proposals are concerned, benchmarking does not of itself indicate a need for change: any review should adopt an evidenced based decision making process. We note, for example that the independent Auditing Practices Board in the UK has recently undertaken and published research and has indicated that it does not see need for significant change in its auditor independence standards. We recommend that IESBA considers this research in depth. Perhaps IESBA should consider a research programme in advance of future standard setting to provide evidence as a base.</p>	ICAEW	See above

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24.	Period of Stability - Code	The draft work program indicates various projects will be carried out to revise the IFAC <i>Code of Ethics for Professional Accountants</i> in stages. We are of the view that the frequency of revisions to the IFAC Code should be kept to a minimum and revised on a consolidated basis rather than in too many stages, so as to facilitate ease of compliance and application by all jurisdictions	CPAS	See above
25.	Period of Stability - Code	Following the completion of IESBAs Independence 1 and 2 projects, which will result in major changes in the Code of Ethics, the member bodies and the audit firms should be given a period of relative calm to enable them to reflect the required changes in their local standards and policies, and have them properly applied around the world.	E&Y	See above
26.	Period of Stability - Code	Given the substantial changes that will result from the “Independence 1” and “Independence 2” projects, a period of stability is required in order for IFAC member bodies, as well as firms, to implement the changes. The efficacy of new standards can be evaluated only after some period of time has passed after adoption.	DTT	See above
27.	Period of Stability - Code	The Code of Ethics and specifically the Independence Section of the Code should not be modified for a period of time that enables countries and practitioners to put in place the mechanisms to apply the Code in force. Continuing changes and/or adds-on to independence regulation derive in a poorer understanding by practitioners of the independence principles which result in a defective application of such principles. In our view this is clearly against IESBA objectives	ICJCE	See above

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28.	Period of Stability - Independence	<p>The IESBA has recently effected significant amendments to the Code of Ethics including the section on independence issued in July 2006, which will become effective as of December 31, 2008. In addition, the proposed amendments to Sections 290 and 291 relating to independence issued in December 2006 so-called “independence 1” and July 2007 so-called “independence 2” have also yet to come into force.</p> <p>Both standard setters and practitioners will require time to react to these amendments. We believe that, for the immediate future, the IESBA should refrain from amending the Code of Ethics further in respect of independence in order to allow appropriate implementation to be effected. In this context, we do not believe further amendments to individual aspects of independence as identified in the above-mentioned plan are necessary at this point in time. We refer to our detailed comments below.</p>	IDW	See above
29.	Period of Stability - Independence	<p>New guidance on independence</p> <p>As we explain above, we do not agree that it is necessary, at this point in time, for the IESBA to amend the Code of Ethics further for individual aspects of independence. We believe a period of stability is called for, and other issues need to take priority; a view which appears to be accepted by respondents to the IESBA’s survey, since according to the ranking of the top five projects (in the agenda papers) none of the three proposed independence aspects were amongst the highest two priorities.</p> <p>Furthermore, the Code is becoming increasingly complex, and due to the multitude of considerations of individual possible scenarios, notably in respect of public interest entities, is moving increasingly away from the established threats and safeguards principles-based approach adopted hitherto.</p>	IDW	See above

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30.	Period of Stability - Independence	<p>FEE noted that the Proposed Plan suggests in Appendix I including the IESBA Draft Work Program for 2007-2009 to consider whether to supplement independence guidance contained in the International Federation of Accountants (IFAC) Code of Ethics with further considerations on a list of detailed items, as commented on in our comments on specific aspects hereafter.</p> <p>FEE would like to draw the attention of IESBA to the Summary Report on the Consultation on Implementation of Articles 45 to 47 of the European Union Directive on Statutory Audit on Cooperation with Non-EU Jurisdictions on Auditor Oversight as issued on 12 July 2007.</p> <p>The objective of this consultation paper of the European Commission was to encourage the development of regulation and public oversight for the audit profession in third countries whilst minimising disruption on European markets. On the issue of independence standards, the great majority of respondents supported the suggestion of the European Commission that third country audit entities be permitted to use the IFAC Code of Ethics if deemed equivalent to the requirements set out in the Directive of Statutory Audit. Such an approach would not only be pragmatic and entail lower costs than assessing the equivalence of individual third countries' independence standards. More importantly, it would create a consistent understanding of auditor independence and be supported by the EU Recommendation on Independence of 2002.</p>	FEE	See above

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31.	Period of Stability - Independence	<p>Upon completion of the so-called Independence I and II projects of the Independence Sections in the IFAC Code of Ethics, IESBA should refocus its attention away from independence standards and prioritise its activities to develop or improve ethical standards as explained in further detail below.</p> <p>Subsequently, FEE calls for a pause in independence standard setting, both in revising independence standards and issuing new sections in the independence standards. It is important to create a stable platform of a set of up-to-date independence standards which would greatly benefit their adoption by the European Commission for application and implementation as third country independence standards in a consistent way. Such implementation needs a time of calm in order to create the necessary confidence to be successful. FEE is therefore of the opinion that further relentless amendments to the Independence Sections of the IFAC Code of Ethics cannot be justified.</p>	FEE	See above
32.		Communications		
33.	Communi- cations	We support the IESBA's proposals towards the foot of page 8 of the document in relation to specific communication activities that the Board intends to undertake. In particular we welcome the IESBA's proposal to hold public forums/roundtables around the globe to seek feedback and input as necessary from stakeholders.	ICAS	Supportive comment

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34.	Communi cations	<p>We agree that communication with regulators, standard setters, leaders of the accountancy organizations and members of the profession is critical in order for the IESBA's to achieve its objective of convergence of international and national ethical standards. We would encourage the IESBA to include the appropriate scheduling of these meetings and communications in Appendix 1, <i>International Ethics Standards Board for Accountants, Draft Work Program, 2007 – 2009</i>. This would ensure that the international debate suggested by this communication plan will be highlighted and viewed as a priority by interested parties.</p> <p>As we do with the opportunity to comment on exposure drafts issued by the IESBA, Grant Thornton International looks forward to participating in the various public forums identified in the ED and providing input as appropriate.</p>	GTI	Supportive comment
35.	Communi cations	<p>APESB acknowledges IESBA plans to undertake significant consultation to gain an understanding of the steps which would be necessary to facilitate the convergence of international and national ethical standards.</p> <p>APESB would be keen to see the Asia/Pacific region forum/roundtable held in Australia and would be keen to work with the IESBA to see this eventuate.</p>	APESB	Supportive comment
36.	Communi cations	<p>Overall, we agree that the proposed areas of the Strategic Plan as developed by the IESBA are appropriate topics to review. We also welcome the decision to hold four additional forums or roundtables, as appropriate, in each of the Americas, Europe, Africa and Asia/Pacific regions to promote the revised Code and seek input on the steps.</p>	E&Y	Supportive comment

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37.	Communi cations	The proposed Strategic and Operations Plan indicates that the IESBA plans to issue revisions to Section 290 and a new Section 291 in 2008. It is proposed for forums to be held to both promote the new Code and also seek input on the steps necessary to facilitate convergence. We agree with the proposed plan to hold forums for the purpose stated in the ED. Acceptance of the revisions to the Code by standards setters is important and open dialog among interested parties should assist in those efforts. We are also of the view that the input sought from participants at the forums should be limited to convergence with the Code, rather than, for example, possible changes to the revised Code.	DTT	Supportive comment
38.	Communi cations	Seeking input from member bodies and other interested parties prior to commencing the proposed projects should facilitate the convergence of international ethical standards. For example, providing advance notice to member bodies regarding the specific projects the IESBA is considering undertaking would enable member bodies to work on similar projects concurrently with the IESBA and provide input to, and receive input from, the IESBA during the standard-setting process, increasing the likelihood that consistent standards will be adopted. Clearly, member bodies working parallel with the IESBA in developing specific ethics standards can further the Board's objective of facilitating convergence of international and national ethical standards.	AICPA	Supportive comment – Strategic Plan amended to indicate that the forums/roundtables may also be used to solicit input on the scope and direction of proposed future projects

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39.	Communi cations	<p>We agree with the Board's statement on page 9 of the proposed Operational Plan that communications with regulators, standards setter, leaders of the accountancy organizations, members of the profession, and others are essential in fulfilling the Board's objectives. We would only add that it is very important that the Board should endeavour to reach out more actively for participation in standards setting from persons who are users of financial statements and/or beneficiaries of audits, as the majority of Exposure Draft comments and discussions in Board deliberations now seem to come from audit firms and others in the audit industry.</p> <p>3. Outreach to external user groups It is important for IESBA to publicize its work effort on revising the IFAC Ethics Code and to emphasize how the Code will have an impact in auditing and financial reporting, especially to users of financial statements and audit opinions. Increased visibility into the Board's work may lead to more thoughtful public comments on proposed standards and enhance the standard setting process in other ways.</p>	IOSCO	Supportive comment – When seeking out people to invite to the forums/roundtable will seek to include representation from user groups.

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40.	Communi cations	<p>We believe that having one or more Forums or other public hearing events would be very useful to promote two-way communications between the Board and the various stakeholders.</p> <p>Occasions such as this can enable more frank and straightforward communication and interaction among stakeholders as well as between stakeholders and the Board. Forum and hearing events also generate publicity and greater recognition of the Board's work. We think a Forum is particularly useful when the project or subject issue is complicated or controversial and would have wide-ranging impacts. We note that on a global scale, many persons may have difficulty in developing or giving a full understanding from only written communication, and a Forum or hearing can enhance understanding either way.</p> <p>Acknowledging such strong potential benefits, and in view of the significance of the changes being contemplated in the Independence 1 and Independence-2 projects, we encourage the Board to consider holding its proposed Forum in February or March of 2008, rather than waiting until the third quarter of 2008. We think a Forum in early 2008 could be very helpful to the Board in its efforts to finalize the Independence Code. This might be an ideal time to combine a CAG meeting with a full Board meeting and that perhaps at least one Forum could be held in connection with such an event.</p>	IOSCO	Supportive comment for forums/roundtable – with a suggestion that a Forum should be held in early 2008 to finalize independence provisions. No change to timing of forums/roundtables – their purpose is to gain an understanding of the steps which would be necessary to facilitate the convergence of international and national ethical standards and achieve greater global acceptance of the Code as opposed to finalize the independence requirements.
41.	Communi cations	Considering whether to supplement independence guidance contained We emphasize the importance of additional communication about the revised Code addressed to the public. As a result of the increased involvement of regulators and the expanding media attention for the audit profession at large, there is a higher need for communication, education/clarification and responding to questions on what are high quality standards, how they contribute to the public interest and what they can and cannot achieve. The development of appropriate material to explain and educate the wider public on these issues will equally need to become a key activity.	NIVRA	IESBA will hold four regional forums/roundtables

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42.	Communi cations	The organisations and types of stakeholder that the IESBA communicates with are not listed. We would like to see more information on who is consulted with and communicated to, and if other organisations have expressed a similar wish then the IESBA might consider publishing such a list. We also believe this is important because we are of the view that the public interest should be established through consultation with public interest bodies. For these reasons we would like to see clarification of who the IESBA's stakeholders are and of how the public interest is determined.	CIMA	Matter will be addressed in the communications plan which will be developed in 2008
43.		Convergence		
44.	Converge nce	As we noted in our comment letter on the ED issued in December, 2007, covering Section 290 and 291, we were generally supportive the IESBA's efforts to strengthen the provisions of the <i>Code of Ethics for Professional Accountants</i> ("Code") relating to auditor independence. We also noted that we are a strong proponent of convergence, believing that convergence with the IFAC Code will best serve the public interest. Consequently, we support the Board's activities that are directed toward achieving its objective of "facilitating the convergence of international and national ethical standards."	DTT	Supportive comment
45.	Converge nce	As we have stated previously, we believe that increased dialogue to persuade national standard setters a) of the benefits of the threats and safeguards approach and b) to adopt the IFAC Code of Ethics, should be considered a high priority. In terms of detailed convergence, this is clearly desirable but not at any price: we would be very concerned if convergence meant moving to an SEC-style rules based approach particularly at a time when that approach is increasingly being questioned elsewhere.	ICAEW	Supportive comment
46.	Converge nce	We support the IESBA in investigating the possibility of convergence and can see the benefits of having one global Code of ethics for accountants which applies in all major jurisdictions. However, we would not support convergence to the detriment of principles based standards.	ICAS	Supportive comment

X ref	Par Ref	Comment	Respondent	Proposed Resolution
47.	Convergence	We encourage any future activity which will help to secure convergence of ethical standards globally.	PwC	Supportive comment
48.	Convergence	<p>With respect to the IESBA objectives of convergence of international and national ethical standards, and greater global acceptance of the Code of Ethics, we have two comments.</p> <p><i>1. Dedicate a specific project to Convergence</i></p> <p>We believe that the objective of convergence of international and national ethical standards is a significant priority for the IESBA, and that the Strategic and Operational Plan should include a specific project to directly promote international convergence and dedicate the appropriate time and resources. Such project should go beyond communication activities. For instance, a convergence project could consider identifying major differences prevailing with other international standards and assessing ways of eliminating such differences, working with international standards setters and regulators.</p>	E&Y	Minority comment – matter was discussed by the IESBA in June when IESBA concluded that this initiative should not be a separate project

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49.	Convergence	<p><i>Use of IOSCO NAS Survey Results and initiating the work toward global convergence</i></p> <p>We would like to see much more emphasis placed upon the matter of the IESBA providing leadership in working for progress toward global convergence in auditor independence and ethics standards. IOSCO carried out a significant study on regulation of non-audit services in 2006 and 2007, and we believe that the Board should make great use of this study as well as other studies made in various jurisdictions, to analyze and identify which non-audit services are prohibited in practice and why. We would like to emphasize that in making this statement, we make no presumptions about what kinds of changes might need to be proposed and adopted to move toward greater convergence, specifically whether a requirement on a given matter should be made more or less stringent in the Ethics Code. Rather, we would like to see the Board examine the nature of each present practice that differs among jurisdictions, its actual and potential effects on auditor behaviour and audit quality and on investor perceptions, and the costs and benefits involved, and consider all factors objectively in an effort to work for progress toward global convergence in independence requirements around the world.</p> <p>We understand that the Board is trying to promote the global use of the IFAC Ethics Code in countries whose capital markets are in different stages of development, and in which legal frameworks vary widely. We recognize that working to reduce differences and especially conflicts in independence requirements is very challenging. But if such work is never begun, progress will never take place. We think the IESBA would be ideally positioned to undertake such projects in partnership with national standards setters in the context of working for convergence in professional standards and those projects such as this would also facilitate informed dialogues with regulators.</p>	IOSCO	Matter to be on the agenda of the National Standard Setters meeting ‘
50.		Existing Projects		

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51.	Existing projects	We note the current work in progress. We have commented separately on the 'Independence 1' exposure draft and will comment separately on the 'Independence 2' proposals currently out for consultation. The project to consider specific issues arising for accountants in government is likely to be of particular use to those accountants who are defined by IFAC as professional accountants in business but whose actual role in government assurance work is more akin to professional accountants in practice.	ICAEW	Supportive comment
52.	Existing projects	<p>We are in agreement with IESBA's intention to complete the following three projects that IESBA already has in progress:</p> <ol style="list-style-type: none"> 1. revisions to the independence requirements contained in the Code of Ethics for Professional Accountants as proposed in the exposure draft issued in December 2006 proposing revisions to existing Section 290 Independence – Audit and Review Engagements and proposing new Section 291 Independence – Other Assurance Engagements; 2. additional revisions to independence requirements as appropriate after consideration of the existing guidance related to the provision of internal audit services to audit client, economic dependence on an assurance client and independence implications of contingent fees; and 3. clarification on how the guidance in Parts A, B and C applies to accountants in government. <p>We welcome IESBA's plan to consider the implications on the Code of the new drafting conventions adopted by the Clarity Project by the International Auditing and Assurance Standards Board.</p>	NIVRA	Supportive comment

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53.	Existing projects	<p>APESB notes the proposed strategy for the period 2008 – 2009 namely:</p> <ul style="list-style-type: none"> (a) providing practical guidance related to ethical issues faced by professional accountants in business and professional practice when encountering fraud or illegal acts; (b) providing additional guidance related to conflicts of interest which might be faced by a professional accountant; (c) supplementing independence guidance contained in the Code; and (d) developing material to facilitate implementation of the Code including Section 290 for small and medium size practices. <p>APESB also notes that IESBA intends to complete the projects currently in progress, namely revisions to the independence requirements contained in the Code and clarification on how the guidance in Parts A, B and C applies to accountants in government.</p>	APESB	Supportive comment
54.	Existing projects	<p>We support the IESBA's intention to complete the following projects listed on page 9 of the document.</p> <p>Furthermore, we believe that it would be beneficial for the results of the 2 separate exposure drafts i) and ii) above, on the proposed changes to independence, to be incorporated into the IFAC Code at the same time. Additionally, careful consideration should be given to the date at which the revised Code becomes applicable, bearing in mind the number of changes in various areas that the accountancy profession has had to contend with in recent years.</p>	ICAS	<p>Supportive comment</p> <p>IESBA intends to do this – Draft Work Program amended to reflect this</p>

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55.	Accountants in Government	Although recent history has been focused on the activities of the external accountant, it is important for high quality ethical standards to be maintained and enhanced for all professional accountants. If the IESBA is to promote good ethical practices for all professional accountants, it is important for all aspects of the accounting profession be considered. The operational plan does support this charge by including the continuing project focusing on accountants in government. We encourage the IESBA to continue promoting standards for accountants in all disciplines.	GTI	Supportive comment
56.	Accountants in Government	<p>Clarification on how the guidance in Parts A, B and C applies to accountants in government</p> <p>CIMA does not believe that the Code should be developed with such specific guidance for accountants in various different roles. While there is perhaps a need to for ethics guidance for accountants working in government, there is a risk that this strategy will result in a large number of different codes, or parts of the code, aimed at accountants in different roles. This would not, in our opinion, be a logical route to follow. Accountants work in a huge variety of roles, industries and sectors. If the Code develops so that it has specific guidance for accountants working in different sectors or industries then the number of revisions and the size of the Code could potentially be very great. This is not a desirable outcome, as it would limit the Code's effectiveness. Also, as an accountant's career develops she or he will often change roles, meaning that, in effect, different codes, or parts of the code, might apply to him or her at different times. In fact, some accountants, such as those working in larger audit firms, work in different capacities at different times within one job. In our view these arguments mean that further thought must be given as to why the IESBA is looking at developing guidance on how the Code applies to accountants in government and the direction that this could lead the Code in.</p>	CIMA	Minority Comment
57.	Accountants in Government	The timetable in relation to 'Accountants in Government' is not wholly clear, as it is not evident what or whose feedback will be considered in February 2009. This may need clarification.	PwC	Change made – project description amended to refer to feedback

X ref	Par Ref	Comment	Respondent	Proposed Resolution
58.	Clarity	<p>We note the current work in progress and have commented or will comment, separately where appropriate. We do have reservations as to whether the review of the potential impact of the International Auditing and Assurance Standards Board's (IAASB) clarity project will, inadvertently or otherwise, result in changes in the meaning of the Code. Accordingly we believe any proposed changes should be exposed for a full consultation.</p> <p>It is clearly appropriate to consider whether the IAASB's 'clarity' project has implications for the Code but auditing standards and the Code are structured in a fundamentally different way and deal with different issues. Any changes made as a result of applying the clarity drafting conventions to the Code could, inadvertently or otherwise, change the meaning, create more rules, increase business costs and reduce choice unnecessarily. Even a straightforward exchange of 'should' for 'shall' could imply a different imperative.</p> <p>The issues of the costs of compliance with accounting and auditing requirements and competition and choice in the audit market are growing in importance, the former under review by the European Commission and the latter being the subject of discussion within the UK, EU and US. We believe any proposed changes should be exposed for a full consultation to ensure that these issues are properly raised and addressed</p>	ICAEW	Proposed changes will be exposed
59.	Clarity	<p>In this respect we also recognised that one of IESBA's current projects is to consider the implications on the IFAC Code of Ethics of the new drafting conventions adopted by the International Auditing and Assurance Standards Board (IAASB) Clarity Project. We noted that according to the minutes of its past two meetings, IESBA concluded that the project is intended to improve the clarity of the IFAC Code of Ethics without changing its meaning, and is primarily focused on the use of "should" instead of "shall". FEE supports the Board's conclusions as to the scope of the project and agrees that the drafting conventions used by the IAASB are not appropriate for the IFAC Code of Ethics.</p>	FEE	Proposed changes will be exposed

X ref	Par Ref	Comment	Respondent	Proposed Resolution
60.	Clarity	Consideration by IESBA of the implication on the Code of the new drafting conventions adopted by the Clarity Project of the International Auditing and Assurance Standards Board in late 2007/early 2008 is also noted.	APESB	Proposed changes will be exposed
61.	Clarity	The Board fully supports the IESBA in its plans to complete its current projects including that relating to accountants in government which, we believe, will be of particular value to accountants providing assurance services within government. However, we would suggest that applying the clarity drafting conventions to the Code of Ethics would be a major task, given that the Auditing Standards and the Code are structured in a fundamentally different way. The Board has provisionally expressed concern at the creation of a more rules driven Code and this may be an unintentional outcome if there is a piecemeal approach to reflecting the clarity drafting convention in the Code. We would therefore suggest that careful consideration is given to such changes and that they are exposed to full consultation before implementation.	CARB	Proposed changes will be exposed
62.	Clarity	Among the projects already in progress is consideration of the drafting conventions adopted by the International Auditing and Assurance Standards Board (“IAASB”). We also have noted the minutes of the past two IESBA meetings reflecting the conclusions of the Board that this project is intended to improve the clarity of the Code without changing its meaning and is primarily focused on the use of “should” versus “shall”. We support the Board’s conclusions as to the scope of this project and agree that the full drafting conventions used by the IAASB are not appropriate for the Code. Moreover, we note that there will be an exposure draft before any of these changes are adopted. We look forward to the opportunity to comment on such proposed changes.	DTT	Proposed changes will be exposed

X ref	Par Ref	Comment	Respondent	Proposed Resolution
63.	Clarity	<p>Whilst we appreciate that it is sensible for the IESBA to consider the implications on the IFAC Code of undertaking a clarification exercise similar to that undertaken by the IAASB on its standards, we have concerns that this will result in the Code inadvertently moving more towards a rules based code. Therefore, we would encourage the Board to undertake a full public consultation before any such changes are implemented into the Code.</p>	ICAS	Proposed changes will be exposed
64.	Clarity	<p><i>Drafting Conventions and the Clarity Project</i></p> <p>We welcome the Board's initiative to reconsider the drafting conventions of the Code. Having full clarity in language used in the Code is of prominent importance from the viewpoint of regulators being responsible for enforcement of the Code as well as providing guidance to auditors. However, it appears in the draft work program (Appendix-1) of the paper that the Board is going to spend very little time for the discussion and revision effort as compared to what was required to carry this work out in the IAASB Clarity Project. We are not sure how reasonable and realistic the present IESBA plan is. In any case, we strongly suggest that the Board allow sufficient time to have thorough deliberations, to ensure that appropriate redrafted wording is developed and used consistently throughout the Code.</p> <p>We also note that we have provided some comments regarding the clarity of language used in the Ethics Code in our recent letter on the Independence-1 Exposure Draft. Following are excerpts from our comment letter to the ED of Independence-1, which suggest more clarity of the language in the Code.</p> <p><i>"The proposed Independence Code is long and sometimes difficult to read. The language used is sometimes indirect, and ambivalent or weak. Threats to independence are not always clearly stated. In general, our view is that the Code is less clear and less enforceable than the ISAs, both in structure and in language, and that the Code would benefit from significant work to improve its overall clarity."</i></p> <p>We believe that attention should be given to overall tone and language in the Code as part of the Board's efforts to redraft standards using the Clarity project provisions.</p>	IOSCO	Proposed changes will be exposed

X ref	Par Ref	Comment	Respondent	Proposed Resolution
65.		Proposed Projects		
66.	Overall comment	APESB agrees with the proposed projects for 2008 – 2009, as well as the priority assigned to each project. These projects, as well as their assigned priority status, will be considered and incorporated into APESB work program as much as possible to ensure convergence of Australian professional and ethical standards with those issued by IESBA.	APESB	Supportive comment
67.	Overall comment	In relation to the proposed future work plan, we are again supportive, subject to the following comments	PWC	Supportive comment
68.	Overall comment	We believe that the remaining proposed projects are worthy of being undertaken by the Board. We are particularly supportive of projects to develop guidance on fraud and illegal acts and conflicts of interests, which we believe would be especially beneficial for professional accountants in business. Perhaps these projects can include guidance on “whistle-blowing” activities, resurrecting a project that the IESBA previously had on its agenda but did not complete.	AICPA	Supportive comment
69.	Fraud and illegal acts	It would be helpful to receive some clarification on what ‘fraud and illegal acts’ covers. Does it include, for example, whistleblowing, insider trading or professional privilege?	CIMA	Change made – description expanded
70.	Fraud and illegal acts	Fraud and illegal acts – Providing practical guidance related to ethical issues faced by professional accountants in business and professional practice when encountering fraud or illegal acts; With regard to fraud extensive standards already exist (ISA 240 and 250).	NIVRA	Minority comment – purpose of project is to address ethical issues when an accountant encounters fraud or illegal acts, ISA addressed auditing standards

X ref	Par Ref	Comment	Respondent	Proposed Resolution
71.	Fraud and illegal acts	As regards the proposed project on Fraud and Illegal Acts, we reiterate our specific comments in the response to the Questionnaire: “The proposed project on Fraud and Illegal Acts is likely to be too country specific to be dealt with meaningfully in the Code at the global level. However this is an area where IFAC could assist in clarifying and rationalising the public interest focus of accountancy professions the world over, improving our public image, clarifying the distinctions between the roles of lawyers and accountants and strengthening the ability of professional accountants to effectively challenge questionable behaviour. This is best dealt with outside of the Code.” It is also important to avoid any duplication with IAASB which is currently developing a clarified ISA on laws and regulations and on fraud	ICAEW	Exact scope of project will be addressed in detailed project proposal
72.	Fraud and illegal acts	We welcome the Board’s initiative to embark on the project regarding frauds and illegal acts, as auditors’ appropriate responses to fraud risks and suspected frauds are critical in ensuring high quality audits. We, however, are still unclear whether the Board intends to include whistle-blowing professional requirements and other guidance for auditors as well as for accountants in business, when suspected fraud or misuse of assets is encountered. As noted in past IOSCO letters to the IESBA, the effect of the current technical provisions in the IFAC Ethics Code is to place an impediment to whistle-blowing by auditors when there is not a specific legal requirement to notify regulators of suspected wrongdoing. It would be helpful to clarify what actions auditors may ethically take in the absence of a specific legal and/or regulatory requirement, and to promote visibility of the Board’s work in this area to all parties that are potentially affected. In addition, it may be helpful for the Board to have substantive discussions with regulators on this topic, as whistle-blowing requirements have already been put in place in many jurisdictions, but such requirements vary.	IOSCO	The project proposal will determine whether the project should address accountants in business simultaneously with accountants in public practice or whether it would be more effective to address the matters separately because the issues faced and legal implications are different.
73.	Conflicts of interest	Conflicts of interest – Providing additional guidance related to conflicts of interest which might be faced by a professional accountant	NIVRA	Overall comment

X ref	Par Ref	Comment	Respondent	Proposed Resolution
74.	Conflicts of interest	In relation to the other projects listed as high priority, whilst not disputing the importance of these issues we have concerns over the status of the output from such projects. We would not wish to see any output leading to changes to the actual Code in the short term. Furthermore, more details would be required in order to consider fully what additional guidance is being sought in terms of conflicts of interest. In this respect, it could be argued that maintaining a distinction between ‘Conflicts of Interest’, on the one hand, and ‘Independence Issues’, on the other, is a non-sequitur. Most of the text under ‘Independence’ in the Code deals with Conflicts of Interest. What is currently termed ‘Conflicts of Interest’ fall, by way of contrast, properly to be analysed as improper uses of confidential information, a topic quite severable and distinct from the threats presented to practitioners in Independence terms. Therefore we believe that the current categorisation of Conflicts of Interest could be deemed as misleading and that issues about the use of confidential information are simply a subset of ‘Conflict of Interest’, the principal manifestation of which is ‘Independence Issues’.	ICAS	Change made – description expanded
75.	Conflicts of interest	Conflicts of interest – this ethical issue is already addressed by Section 220 of the Code of Ethics. While recognising that the existing Code is not extensive on the matter, the ED lacks any further specificity on what additional areas the Board believes need to be addressed. Furthermore, we are not aware of any current area in which the existing material is proving inadequate. We could envisage that the Code might be enhanced by additional examples of when conflicts might arise and how they may be addressed but otherwise we have some difficulty in knowing whether this is an area which the Board should be prioritising. One particular area that touches on Conflicts of Interest is what the ethical considerations are in multi-disciplinary firms	PWC	Change made – description expanded
76.	Independence	Rather than looking at increasing guidance on independence, CIMA’s view is that the IESBA should focus on strengthening the Code and implementing the existing principles and guidance within it (see General Comment 2, above). We would also argue that this work may represent a risk to the ‘principles-based’ approach of the code if it results in further rules or prohibitions within the Code itself (see General Comment 3, above).	CIMA	Change made – Strategic Plan amended to state that given the need for stability the IESBA will not initiate any additional projects on Independence.

X ref	Par Ref	Comment	Respondent	Proposed Resolution
77.	Independence	<p>It is not clear what the status will be which will be attached to the proposed (additional) guidance, included in the high priority projects. We welcome this guidance provided that it is an additional element of communication only. However, assuming that it would get the status of new and additional rules, we would oppose because we feel that there should be a stable platform.</p>	NIVRA	See above
78.	Independence	<p>We assume that there will not necessarily be a single ED in relation to independence matters and that this may depend upon the matters that the Board decides to look at in detail and the respective timelines.</p> <p>Independence – We note that the program envisages ‘considering’ whether additional guidance is needed in some potential six areas. Whilst we support this ‘consideration’, we are not necessarily of the view that guidance will be needed in all areas. We believe that any additional guidance should be consistent with the threats and safeguards approach and focus on any substantial threats identified during consideration of the issue.</p> <p>Of the six topics mentioned, we believe that emphasis should be placed on the areas of mutual funds and other collective investment vehicles (item 2) and trustee holdings (item 6), where we believe that the Code could benefit from additional detail.</p> <p>In relation to the former, we could envisage that additional guidance might usefully be provided on the circumstances in which such collective investment vehicles should be treated as either a listed entity or an entity of significant public interest (as the Code is not clear on this) and provide guidance on whether the ‘related entity’ concepts apply in respect of the fund manager/fund. However, we are doubtful about the merits of adding extensive, detailed or complex provisions to the Code.</p>	PWC	See above

X ref	Par Ref	Comment	Respondent	Proposed Resolution
79.	Independence	<p>Independence implications of legal protection clauses such as auditor indemnification and limitations on auditor liability</p> <p>We generally support the IESBA's adoption of the Proposed Plan. However, we recommend that a project on the independence implications of legal protection clauses, such as auditor indemnification and limitations on auditor liability, not be given high priority at this time. The PEEC has devoted a significant amount of time and resources to studying this subject over the past few years and would be happy to share with the IESBA the results of its research, its proposals, and other relevant information it has gathered, such as on the different laws, regulations, or standards that exist on this subject in various jurisdictions. In short, the PEEC's experience indicates that this is a very complex subject that carries both legal and contractual implications that can vary depending on the jurisdiction. Further, comments received on our proposed standards reveal a wide diversity in views. Moreover, to provide guidance that would have worldwide applicability would be an extremely challenging endeavor due to the diversity of legal/liability structures in each jurisdiction. And, we are aware that various regulators and legislative bodies around the world (e.g., the European Commission) are currently considering auditor liability reform initiatives. Such initiatives could have a significant impact on any standard issued by the IESBA.</p> <p>We believe that the independence implications of legal protection clauses would be best dealt with at the national level by member bodies that understand the legal and regulatory environment in their jurisdictions. We therefore recommend that at a minimum this potential project not be given priority status and ideally be removed from the Proposed Plan in favor of national standard-setters addressing the subject.</p>	AICPA	See above

X ref	Par Ref	Comment	Respondent	Proposed Resolution
80.	Independence	<p>We question the need for IESBA to consider the independence implications of legal protection clauses such as auditor indemnification and limitations on auditor liability as there is no clear link or relationship between independence standards or rules and legal protection clauses.</p> <p>In this respect, reference is to the Study on the Economic Impact of Auditors' Liability Regimes (MARKT/2005/24/F) - Final Report to EC-DG Internal Market and Services - By London Economics in association with Professor Ralf Ewert, Goethe University, Frankfurt am Main, Germany - September 2006. This study did not demonstrate any relationship between independence rules and auditor's liability.</p>	FEE	See above
81.	Independence	<p>It is unclear to us why the IESBA believes that indemnification clauses and limitations on auditor liability might affect auditor independence. The IESBA agenda papers do not explain this, merely referring to "Providing some thought leadership in this area."</p> <p>We would like to point out that the Study on the Economic Impact of Auditors' Liability Regimes (MARKT/2005/24/F) - Final Report to EC-DG Internal Market and Services - By London Economics in association with Professor Ralf Ewert, Goethe University, Frankfurt am Main, Germany - September 2006 did not reveal any form of relationship between auditor liability and auditor independence.</p> <p>We do not see any reason why the IESBA should include this aspect of independence in its proposed Plan.</p>	IDW	See above
82.	Independence	<p>We express doubt in relation to the proposal to look at the implications of legal protection clauses. We anticipate that the complexity of the legal issues associated with such clauses in various jurisdictions may prove impractical to address in the Code. We also believe that this is essentially a public policy issue that should be addressed from a national/commercial perspective, having regard to local laws and custom, and note that a number of country regulators have allowed, or are considering allowing, legal protection for auditors, as a means of securing the viability of auditing and other public interest goals, such as promoting choice in the market for audit services</p>	PwC	See above

X ref	Par Ref	Comment	Respondent	Proposed Resolution
83.	Independence	In relation to the Independence issues discussed at iii) on page 10 of the document we do not consider that “auditor limitation agreements” have any impact on independence	ICAS	See above
84.	Independence	Careful consideration should be given to the inclusion in the IESBA agenda, as proposed, of the independence implications of limitations on auditor’s liability. There is tendency in most countries to limit in some way auditors’ liability which may be endorsed soon by the European Commission after the study prepared by London Economics following the mandate of the 8 th Directive. In our view, to undertake a project to assess independence implications of a subject which is seen by the profession as critical for its long term survival can easily be misinterpreted.	ICJCE	See above
85.	Independence	We note that one of the matters under consideration is a review of auditor liability limitation. We do not believe that liability limitation is an independence issue, a view confirmed in separate independent studies for the UK government and the European Commission.	ICAEW	See above
86.	Independence	Application of the independence requirements to audit clients that are mutual funds or other collective investment vehicles Since mutual funds and many other collective investment vehicles are, in many jurisdictions, often classified, by intention, as entities of public interest, they will be covered by the specific provisions of the Code applicable to public interest entities. The reasoning put forward in the Agenda papers prepared for the meeting in June 2007: “There are [<i>sic</i>] a wide range of such vehicles and without some specific guidance in this area there may be wide interpretation of how the Code applies to such vehicles.” does not explain why there is any perceived necessity for further action by the IESBA, other than perhaps clarification. Given our call for a stable platform in respect of independence, we do not therefore believe there is sufficient justification for the IESBA to specifically address independence for such funds and vehicles.	IDW	See above

X ref	Par Ref	Comment	Respondent	Proposed Resolution
87.	Independence	It is not clear why IESBA would like to consider the application of the independence requirements to audit clients that are mutual funds or other collective investment vehicles. In many jurisdictions, including in the European Union, mutual funds and other collective investment vehicles are covered in the definition of public interest entities (defined as entities of significant public interest by IESBA), or - if not so defined by law and regulation - are treated by the profession as significant public interest entities where they are open to investments by the general public. Therefore, the independence rules applicable for auditors or audit firms auditing public interest entities are also applicable for auditors and audit firms auditing mutual funds and other collective investments vehicles.	FEE	See above
88.	Independence	Of the six topics mentioned, we believe that emphasis should be placed on the areas of mutual funds and other collective investment vehicles (item 2) and, where we believe that the Code could benefit from additional detail.	PwC	See above
89.	Independence	We are especially pleased to see that supplemental independence guidance will be considered for independence requirements related to: <ul style="list-style-type: none"> audit clients that are mutual funds or other collective investment vehicles, and ... These are complex areas in which it is in the public's interest to ensure consistent application of professional standards.	GTI	See above
90.	Independence	<i>Communication with those charged with governance</i> In addition, while there is no indication of what guidance might emanate from a project on communication of independence matters to those charged with governance, we ask that the Board be particularly mindful of the costs and benefits associated with any such requirements, especially if they are extended to all assurance clients of all types and sizes.	AICPA	See above

X ref	Par Ref	Comment	Respondent	Proposed Resolution
91.	Independence	The International Auditing and Assurance Standards Board (IAASB) has recently issued an exposure draft of Proposed Redrafted International Standard on Auditing (ISA) 260 (Revised), Communication with Those Charged with Governance. In particular paragraph 15 of the exposure draft requires the auditor of public interest entities to communicate with those charged with governance that the various parties (identified in the Code of Ethics) have complied with the requirements relevant ethical requirements (ordinarily comprising the IFAC Code together with national requirements that are more restrictive) regarding independence. In our opinion, there is no need for additional communication requirements to be established within the Code of Ethics.	IDW	See above
92.	Independence	We are of the opinion that the <i>communication</i> with those charged with governance, also in relation to independence matters, is adequately covered in the requirements and application and other explanatory material of the International Auditing and Assurance Standards Board (IAASB) Proposed Redrafted International Standard on Auditing (ISA) 260 (Revised) on Communication with Those Charged with Governance.	FEE	See above
93.	Independence	Of the six topics mentioned, we believe that emphasis should be placed on the areas of... and trustee holdings (item 6), where we believe that the Code could benefit from additional detail.	PwC	See above
94.	Independence	<i>Providing actuarial services to an audit client</i> In our opinion, the same issues apply to an auditor providing actuarial services as to valuation services, since both may involve a threat to independence (auditing one's own work). Accordingly, we do not believe it necessary for the IESBA to address this issue separately.	IDW	See above

X ref	Par Ref	Comment	Respondent	Proposed Resolution
95.	Independence	<i>Providing actuarial services to an audit client</i> When deciding whether it is appropriate to devote resources to any specific project, we encourage the IESBA to consider whether existing guidance in the IFAC Code is sufficient. For example, we question whether the proposed project on independence considerations related to providing actuarial services to an audit client is necessary in light of the current guidance contained in the Code on valuation services.	AICPA	See above
96.	Independence	FEE does not believe that there is any evidence to support a need for further guidance on independence considerations related to providing actuarial services to an audit client. Accordingly, we do not support IESBA to consider the need for such further guidance, except in the case of the provision of valuation services where a self-review threat could arise. The self-review threat arises as a result of the auditor having to audit his or her own work but, if there is no significant element of judgement included in that work, the degree of threat is very much reduced.	FEE	See above
97.	Independence	As a consequence we feel that there is no need for independence considerations related to for example providing actuarial services to an audit client and also in areas in which in particular small and medium sized practices operate.	NIVRA	See above
98.	Independence	Agreed-upon procedures and compilation engagements Agreed-upon engagements and engagements to compile financial statements are such areas. We refer to our comments dated 27 th 2007 on Section 290 and Section 291 of the Code (December 2006).	NIVRA	See above

X ref	Par Ref	Comment	Respondent	Proposed Resolution
99.	Independe nce	<p>Trustee holdings of financial interests</p> <p>We are especially pleased to see that supplemental independence guidance will be considered for independence requirements related to:...</p> <ul style="list-style-type: none"> • trustee holdings of financial interests in an audit client where the firm or professional personnel serve as trustee. <p>These are complex areas in which it is in the public's interest to ensure consistent application of professional standards.</p>	GTI	See above
100.	Independe nce	FEE is not convinced that IESBA should consider the independence considerations of trustee holdings of financial interests in an audit client. This issue is only relevant in a very limited number of jurisdictions but not in many others. It would therefore appear that such considerations are to be addressed on a national level rather than by a global standard setters like IESBA.	FEE	See above
101.	Implemen tation Support	Since practitioners experience implementation problems as the biggest problem in respect of regulation, we are pleased that IESBA has addressed implementation support as a high priority project and that IESBA has also answered our call to take convergence along. Therefore we support IESBA's plan to develop material to facilitate implementation of the Code including Section 290 for small and medium size practices and also IESBA's initiative to organize several regional forums to seek input on the steps which would be necessary to facilitate the convergence of international and national ethical standards.	NIVRA	Supportive comment
102.	Implemen tation Support	However since the recently revised Code is effective since June 30th 2006, we think it might be useful to start this implementation support earlier than June 2008.	NIVRA	Supportive comment – with suggestion of earlier start date

X ref	Par Ref	Comment	Respondent	Proposed Resolution
103.	Implemen tation Support	The proposal to develop material to facilitate implementation of the Code for small and medium size practices was not referred to in the Questionnaire. Subject to our comments above on in-Code guidance, we welcome recognition that SMPs do have particular issues with some of the more rule-based requirements and we look forward to further detail in due course.	ICAEW	Supportive comment
104.	Implemen tation Support	The IESBA should consider dedicating time and resources to provide on-going support to member bodies and firms with their practical implementation questions related to the new Code. In addition, it would be very helpful for the IESBA to gather feedback and disseminate best practices or additional guidance that member bodies or firms may find useful to share.	E&Y	Supportive comment
105.	Implemen tation Support	It is interesting to note that one of the proposed projects for 2008 – 2009 is the development of material to facilitate the implementation of the Code including Section 290 for small and medium size practices. APESB applauds IESBA for recognising that there is a clear demand from Members in Public Practice for such guidance.	APESB	Supportive comment
106.	Implemen tation Support	We would like to see this extended to the wider context of applying the principles of the Code, not just in terms of Section 290 for SMPs, so that any issues for accountants working in business implementing the Code could be taken into account.	CIMA	Overall comment – matter to be raised in forums/roundtable to solicit specific input on how Part C should be expanded
107.		Other Possible projects		
108.	Accounta nts in business	Finally, we regret that IESBA hasn't accepted our proposal (see our comments on the Strategic review questionnaire) to review the present guidance for accountants in business in consultation with relevant stakeholder groups. In implementing the Code in the Netherlands there has been quite a lot of criticism regarding the number of and the nature of requirements in this area. In particular the relation with other relevant codes, such as corporate governance codes, needs urgent attention, in our view.	NIVRA	Overall comment – matter to be raised in forums/roundtable to solicit specific input on how Part C should be expanded

X ref	Par Ref	Comment	Respondent	Proposed Resolution
109.	Accountants in business	<p>The IESBA's recent focus on revising the independence requirements within the Code of Ethics has, in our opinion, resulted in an emphasis upon the ethical issues for auditors and accountants working in practice. While we recognise that this focus has been an important element of the IESBA's work, we feel it is also important that the Board take a balanced view of ethics, considering and addressing the ethical issues for accountants working in other capacities, for example those working in business. We would therefore like the strategic and operational plan to describe how the needs of accountants in business will be identified and met by the IESBA in 2008-9.</p> <p>CIMA contributed to IESBA's initial consultation survey on its forward plan earlier in 2007, and we are pleased to provide below further general and specific comments on the current exposure draft of IESBA's strategic and operational plan 2008-2009.</p>	CIMA	<p>Overall comment – matter to be raised in forums/roundtable to solicit specific input on how Part C should be expanded</p> <p>Projects on fraud and illegal acts will address public accountants in business</p>
110.	Other	The Institute has recently launched a report as part of its thought leadership programme, <i>Reporting with Integrity</i> . This considers, amongst other things, whether integrity is sufficiently centre-stage in codes of ethics. As the IFAC Code is the key international code of ethics, we believe the IESBA has a critical role to play in developing these thoughts and would be pleased to discuss this work with you.	ICAEW	To be considered by the Planning Committee at a future meeting
111.	Ethics Training	We referred in our response to the questionnaire to the need for development of case study material to assist ethics training. We believe there is a clear role for the IESBA in this, liaising with the International Accounting Education Standards Board.	ICAEW	IAESB has issued Toolkit for Ethics Education. The project on Implementation Support will consider what material is needed for implementation support.
112.	Ethics Training	Besides we emphasize again (see our comments on the Strategic review questionnaire) the importance of training. Unfortunately IESBA hasn't adopted our suggestion to organize such training.	NIVRA	See above

X ref	Par Ref	Comment	Respondent	Proposed Resolution
113.	Profession al ethics	We suggest the IESBA consider whether there might be a need to enhance the Code's consideration of professional ethics. In particular, we believe this area is becoming increasingly important for accountants in business, given details revealed in some recent corporate scandals and the ensuing press discussion as to the potential deficiencies in professional ethics.	IDW	Planning Committee to consider ICAEW Integrity Paper at next meeting
114.	Profession al ethics	Recent debate, within and outside of FEE, has indicated that there might be a renewed need to focus on ethical requirements and the fundamental principles of professional ethics rather than continue to concentrate on independence issues. The fundamental principles of professional ethics including integrity, objectivity, professional competence and due care, confidentiality and professional behaviour are gaining in importance in the current professional, regulatory and business world as ethical values are not necessarily any longer instilled in general education and thus behaviour. FEE recommends IESBA to closely follow the debate on ethical values and to consider its implications for its Proposed Plan.	FEE	See above IESBA will follow the debate
115.	Cost benefit	Moreover, although not mentioned in the Proposed Plan, we understand that there is a project to consider how to assess the costs and benefits associated with the IESBA's proposed standards. We encourage the IESBA to make that project a priority.	AICPA	Matter under active consideration by the Planning Committee and IFAC is developing an overall approach

X ref	Par Ref	Comment	Respondent	Proposed Resolution
116.	Page 7 c)	<p>It is important that the IESBA develops and issues guidance, comments, discussion papers and other outputs that are not a revision to the Code. This should be explained more clearly in option c). If this is not what is intended by option c), then we would like to see the inclusion of a fourth point covering these aspects. These kinds of outputs would allow the IESBA to respond to ethical matters that may recur from time to time, such as market issues around large-scale fraud, which are perhaps not directly linked to the <i>Code of Ethics</i> or <i>Interpretations</i> or which are not best addressed through revision to the Code. As discussed in General Comment 2, above, we are of the view that the Code requires a time of stability to allow it to be fully implemented by users. Describing clearly that the IESBA's work will include discussion, comment and guidance would ensure that the IESBA's role and influence would extend beyond editing the <i>Code of Ethics</i>.</p> <p>Page 8, first bullet point This point mentions identifying threats to the fundamental principles, but does not discuss opportunities for accountants to identify ways of doing things better and improving the application of the principles of ethical behaviour. In CIMA's view it would be beneficial to mention positive opportunities that exist for accountants to improve ethical standards in addition to the identification of threats. This might, in our view, encourage best practice.</p>	CIMA	No change – comment is on Terms of Reference which have been approved by the PIOB
117.	Development of IESBA pronouncements	<p>Page 8 Section 3 The way that this is worded implies that if, after discussion, there is no agreement to change the Code, the discussion will be closed. If a topic were worthy of such discussion in the first place, there may be some value in publishing the discussion so as to capture the points that were made. This would also support point 4 above.</p>	CIMA	No change proposed – all project proposals are presented to the IESBA for approval and form part of the public agenda papers. All IESBA agenda papers are public

X ref	Par Ref	Comment	Respondent	Proposed Resolution
118.	Consistency with other IFAC standards	In our comments on the Strategic review questionnaire we wrote, based on implementation experience in the Netherlands, that differences and a lack of coherence with other IFAC standards result in implementation problems. Therefore we suggested improvement of the coherence with other IFAC standards (interrelationships, definitions, delete double standards) as a potential project. We strongly feel that it is necessary to include this project in the implementation support.	NIVRA	Not considered to be a separate project – liaison on a case by case basis – as for example in the case of the engagement team definition
119.	Results of Survey	<p>Analysis of responses</p> <p>Ahead of the deadline in May 2007, FEE submitted its responses to the IESBA Strategic Review Survey. Many other organisations with an interest in the development of ethical and independence standard setting also submitted their observations.</p> <p>As is common due process within other IFAC Boards, a comprehensive analysis of responses received to the IESBA Strategic Review Survey was expected to be published with the Proposed Plan. Such analysis would allow commentators to the Proposed Plan to obtain an insight in the IESBA priorities suggested by the various stakeholder groups.</p> <p>Such analysis of responses is not provided with the Proposed Plan. It can only be indirectly accessed via the background papers for agenda Item 4 of the IESBA meeting in Berlin on 25 to 27 June 2007.</p> <p>Transparency, appearance of due process and user friendliness would have been enhanced with publishing the results of the survey with the Proposed Plan. We leave it to the Public Interest Oversight Board (PIOB) of IFAC and IESBA to evaluate whether due process was followed as intended.</p>	FEE	<p>Consistent with the surveys sent by other PIACs survey respondents were informed that the results of the survey would be confidential. An overview of survey responses was included in the June agenda papers.</p> <p>Responses to strategic plan exposure draft are largely consistent with the matters proposed</p>

X ref	Par Ref	Comment	Respondent	Proposed Resolution
120.	Results of Survey	We are concerned that the IESBA published neither an analysis nor a summary of the 127 responses received in relation to the IESBA survey to stakeholders undertaken earlier this year. This would have been useful to those seeking to understand the persuasive arguments behind the proposed plan. Neither the agenda papers nor the minutes of the IESBA meeting held in June 2007 are sufficiently detailed for this purpose.	IDW	See above
121.	Exposure period	<p>The Proposed Plan was issued on 14 July 2007 with a comment period ending 31 August 2007. This leaves commentators with just 48 calendar days to comment over the summer holidays.</p> <p>FEE, as many other organisations, is an association which operates based on extensive consultation with the members of our technical working groups and based on an extensive due process with our 44 Member Bodies. This allows FEE to truly represent the unanimous views of the European accountancy profession. Such short consultation period, over the summer holidays, hinders the workings of such consultation and due process. We leave it to the PIOB of IFAC and IESBA to evaluate whether due process was followed as intended as far as the consultation period is concerned.</p>	FEE	PIOB approved comment period on for all PIAC Strategic Plans was 30 days – in light of previous consultation through the survey. IESBA comment period was effectively 2 months.
122.	Exposure period	We also note that the period for interested parties to comment on the plan is far shorter than that given for similar pronouncements at international level. For example, the IAASB generally allows for 120-day comment periods to allow for more detailed internal consultation by e.g., IFAC member bodies or others with a wide membership base.	IDW	See above

X ref	Par Ref	Comment	Respondent	Proposed Resolution
123.	Exposure periods for all EDs	<p>4. Comment period for Exposure Drafts</p> <p>Comment letters sent in response to the Board's Exposure Drafts and other consultation papers are probably the most comprehensive sources of stakeholder input to the Board. We acknowledge a number of improvements that have been made by the Board during the last few years, including specifying a standard comments period in its due-process document. However, we think readers of Ethics Code EDs would benefit from longer comment periods to enable external parties to understand the contents and analyze the potential impacts, because virtually all changes in the Ethics Code have substance and significant implications. We therefore recommend that the Board extend its standard 90-day comment period for IESBA EDs to 120 days. This would be particularly helpful at the moment, as many audit-related pronouncements are being published simultaneously by the IESBA and the IAASB.</p>	IOSCO	No change to standard comment period. IESBA will, consistent with existing process, consider on a case by case basis when an extended exposure period as necessary – as was the case with the December 2007 ED when the IESBA determined that, because of the length and complexity of the ED a four month exposure period was appropriate.
124.	Editorial	Finally, there is a typing error on page 4, before the heading 'Proposed Future Work Programme', where the sentence reads 'to be completed at in 2008'.	CIMA	Noted
125.	Other	Finally, concerns have been raised previously as to the ongoing divergence from a principles-based system towards a more rules-based approach by the impact of forced rotation of key audit partner (which would lead to firm rotation for smaller firms), and also the delineation of tax and audit services, in areas where this may substantially raise the costs to the entity receiving such services.	HKCPA	Matter relates to the Independence exposure draft issued in December 2006 and is being considered together with the other comments received on that ED.

X ref	Par Ref	Comment	Respondent	Proposed Resolution
126.	Other	<p>To address the importance of user and other stakeholder involvement in IESBA work, we suggest that the Board might find it helpful to initiate actions in the following areas:</p> <p><i>1. Greater use of the IESBA Consultative Advisory Group (CAG)</i> Since this body consists of a wide-range of stakeholders, we suggest that all future meetings of the CAG should be held as face-to-face meetings, and also that CAG meetings could periodically include a joint meeting between the full Board and the CAG. Face-to-face meetings would help to ensure that Board members are fully aware of various stakeholders' views, and would also provide the benefit of exchanges among the various CAG members and the Board. We understand that the idea of a possible meeting of the full Board and the CAG was raised at the last IESBA Board meeting and we think this is an excellent idea.</p>	IOSCO	To be discussed at CAG
127.	Other	<p><i>2. Enhancement of the current process in the IESBA CAG</i> Through our experience of involvement in the IAASB CAG, we believe the IESBA Board and CAG processes would be enhanced by instituting a CAG member comment feed-back process similar to that used by the IAASB. We believe it is critical for standard setters to maintain an appropriate due-process to obtain and fully consider inputs from a wide-range of stakeholders and to respond to those stakeholders with explanations on why the final Board decisions are made. It is also important from a public interest perspective to explain the reasons for not taking up requests and suggestions from regulators and other entities representing the public interest, if this should occur. Feedback on how inputs received were considered and on why Board decisions were made will contribute to transparency in standards setting.</p>	IOSCO	To be discussed at CAG

X ref	Par Ref	Comment	Respondent	Proposed Resolution
128.	Other	<p>6. IESBA Board composition</p> <p>We note that the IESBA operational and strategic plan does not make mention of studying and considering the issue of whether and how the Board might broaden its membership over time to include additional public interest members, including users and others who have never been auditors and who could therefore bring different independent perspectives into independence standards setting. We understand that the Board's development of the operational and strategic plan may have focused on standards projects to be undertaken by the Board, and that the issue of Board composition is one to be addressed by the PIOB and IFAC Nominating Committee rather than by the Board itself, but we think some mention of this issue in the IESBA strategic plan would be of value.</p>	IOSCO	Matter is not within the remit of the IESBA. The comment will be passed on to the Nominating Committee

Legend

AICPA	American Institute of Certified Public Accountants
APB	Auditing Practices Board (UK)
APESB	Accounting Professional and Ethical Standards Board – Australia
CARB	Chartered Accountants Regulatory Board – Ireland
CICA	Canadian Institute of Chartered Accountants
CIMA	Certified Institute of Management Accountants (UK)
DTT	Deloitte Touche Tohmatsu
E&Y	Ernst & Young
FEE	Federation des Experts Comptables Europeens
GTI	Grant Thornton International
HKICPA	Hong Kong Institute of Chartered Accountants
ICAEW	Institute of Chartered Accountants of England and Wales
ICANZ	Institute of Chartered Accountants of New Zealand
ICAS	Institute of Chartered Accountants of Scotland
ICJCE	Instituto de Censores Jurados de Cuentas de España
ICPAS	Institute of Public Accountants in Singapore
IDW	Institut der Wirtschaftsprüfer (Germany)
IRBA	Independent Regulatory Board for Auditors (South Africa)
IOSCO	International Organization of Securities Commissions
JICPA	Japanese Institute of Certified Public Accountants
NIVRA	Nederlands Instituut Van Registeraccountants (Netherlands)
PwC	PricewaterhouseCoopers