



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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**Agenda Item
3**

Board International Ethics Standards Board for Accountants

Meeting Location: Millennium Hotel, New York, USA

Meeting Date: April 27-28, 2009

Convergence

Objectives of Agenda Item

- To consider and approve the IESBA convergence program.
- To discuss detailed actions to be taken to further program.

Background

In June 2008, the IESBA discussed a draft Convergence Program that had been prepared by the IESBA Planning Committee. This program was developed to facilitate the objective of the IESBA which is 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 and thereby enhancing the quality and consistency of services provided by professional accountants.

With the planned approval of the Code in April 2009 and subsequent release following PIOB confirmation of due process (expected to be mid July), it is appropriate for the IESBA to approve the convergence program and discuss detailed actions that will be taken to further the convergence objective. The IESBA Planning Committee is scheduled to meet directly after the IESBA meeting and has scheduled two further meetings before the next IESBA meeting in October.

Discussion

The draft Convergence Program outlines proposed steps to be taken in the short and longer-term to facilitate:

- Increased IFAC member body convergence; and
- Increased convergence by regulators and other standard setters.

These steps are necessarily set at a relatively high level. In addition to discussing and approving the draft Convergence Program, it is important that the IESBA discuss specific steps that should be taken in the short term. This will provide direction to the Planning

Committee who will be ultimately responsible for managing the process and reporting back to the IESBA.

What follows is a list of possible action steps, with some suggested assignment of responsibility.

Toolkit for convergence discussions

- Basis for conclusions document for Drafting Conventions
- Slide deck on importance of benefits of convergence (Staff)
- Slide deck outlining changes in Code resulting from IT1, IT2 and Drafting Conventions projects (Staff)
- Document describing changes in Code resulting from IT1, IT2 and Drafting Conventions projects – support for slide deck (Staff)

Implementation Support

- The IAASB is developing some implementation support modules to raise awareness of the completion of its Clarity project and to promote efforts towards the effective implementation of the clarified standards. Each module consists of;
 - A short video presentation given by the chair of the relevant project task force (where possible), or other appropriate individual, focusing on the key messages that practitioners and others should understand and bear in mind in implementing the new ISA; and
 - A set of slides that expands on the matters covered in the video presentation and explains the new provisions of the ISA in more detail.To facilitate access by all stakeholders the modules will be made available free-of-charge on the IAASB website, with the component parts of each module separately accessible and downloadable from the website.
- The IESBA could develop some modules for the Code.

Comparison of IESBA independence requirements with other jurisdictions

- Proposed approach to focus on G8 countries, European Commission and BRIC Countries:
 - Canada
 - France
 - Germany
 - Italy
 - Japan
 - Russia
 - United Kingdom
 - United States
 - European Commission
 - Brazil
 - India
 - China
- Monitor developments in remaining G20 countries

Liaison with Compliance Advisory Panel

- Consider whether convergence objective would be advanced if SMO4 was amended to incorporate a member body convergence objective
- Consideration of what “compliance” with the Code means and development of a statement of policy on the basis on which a member body is entitled to state that it complies with the revised Code

National Standard Setters/Member bodies

- The first IESBA-NSS meeting will be held on April 22, 2009. Topics on the agenda include implementation and convergence of national and international standards
- Discussion with members bodies represented on IESBA

Material Presented

Agenda Paper 3	This Agenda Paper
Agenda Paper 3-A	Draft Convergence Program

Actions Requested

1. IESBA members are asked to review and approve the draft Convergence Program.
2. IESBA members are asked to consider and comment on the detailed steps noted above.