

**Draft Minutes of the Meeting of the
International Ethics Standards Board for Accountants
October 19-20, 2009
Tokyo, Japan**

	Members	Technical Advisors
<i>Present:</i>	Richard George (Chair)	Heather Briers
	Frank Attwood	
	Nina Barakzai	Tony Bromell
	Ken Dakdduk	Lisa Snyder
	David Devlin	Andrew Pinkney
	Robert Franchini	Sylvie Soulier
	Alice McCleary	Tiina-Liisa Sexton
	Michael Niehues	Petra Gunia
	Carmen Rodriguez	Ines Bruggeman
	Jean Rothbarth	Marisa Orbea
	Volker Röhrich	Tim Volkmann
	Robert Rutherford	
	Isabelle Sapet	Jean-Luc Doyle
	Aiko Sekine	Roman Adler
		Christine Cloquet
		Peter Hughes
<i>Regrets:</i>	Lady Barbara Judge	
	Sandrine Van Bellinghen	
	David Winetroub	
	Non-Voting Observers	
<i>Present:</i>	Juan Maria Arteagoitia	
	Richard Fleck (day one in part)	
	Koichiro Kuramochi	
	Bella Rivshin	
	PIOB	
<i>Present</i>	Toshiharu Kitamura	

IFAC Technical Staff

Present: Jan Munro

1. Introduction and Administrative Matters

Mr. George opened the meeting and welcomed participants. He thanked the Japanese Institute of Certified Public Accountants for hosting the meeting.

Ms. Sekine welcomed the IESBA to Tokyo and wished the board members a successful meeting and an enjoyable stay.

Mr. George welcomed Dr. Kitamura, observing the meeting on behalf of the Public Interest Oversight Board (PIOB).

Apologies were received from Lady Barbara Judge, Ms. Van Bellinghen and Mr. Winetroub. Mr. George was noted as proxy for Lady Judge, Ms. Cloquet as proxy for Ms. Van Bellinghen and Mr. Hughes as proxy for Mr. Winetroub. Apologies were also received from Mr. Fleck, who would be joining the meeting part way through the morning of the first day.

Minutes of the Previous Meeting

The minutes of the April 2009 IESBA meeting were presented for approval and were approved as presented, subject to some editorial changes.

Public Interest Oversight Meeting June 2009

Mr. George reported that he had met with the PIOB at its meeting in Madrid on June 26, 2009. The PIOB reviewed the IESBA's development of the revised Code and concluded that appropriate due process had been followed effectively and with proper regard for the public interest. The PIOB also recognized that there is a need to give priority to further work that will improve the Code so that all jurisdictions and key regulators can adopt and implement it.

Mr. Devlin expressed his concern with the fact that the Code as revised did not seem to be acceptable to certain regulators. He indicated that he had not appreciated the implications to acceptability of not having a stand alone section for independence and not addressing the issue raised on responsibility. He expressed the view that had the IESBA engaged in a more substantive discussion with regulators prior to finalizing the revised Code the position might have been different. He stated that there needed to be a framework for discussion with the regulators to further the convergence initiative. Mr. George thanked Mr. Devlin for his remarks and noted that this would be discussed more fully under the topic of convergence.

IESBA Planning Committee

Mr. George reported that the Planning Committee had met four times and had one conference call since the previous IESBA meeting. The Planning Committee developed the Strategic Plan and project proposals that would be discussed at the meeting.

IESBA Consultative Advisory Group (CAG) September 9, 2009

Mr. George reported that the CAG met in Washington on September 9, 2009. CAG members discussed the Conflicts of Interest project proposal and also discussed the results of the strategic survey. The project proposal for fraud and illegal acts will be discussed by the CAG at its next meeting, which is scheduled for March 3rd. He noted that meeting would be in Barcelona and encouraged Board members to attend it as an observer.

Outreach

Mr. George reported that the following presentations had been made by Board members and staff since the last IESBA meeting:

- Presentation to HLB International – an international network of accounting firms;
- The American Accounting Association;
- CreCER – the Spanish acronym for Accounting and Accountability for Regional Economic growth; and
- The European Group of International Accounting Networks.

He noted that outreach would increase in importance with the release of the revised Code. Board members and technical advisors making presentations on the Code were reminded that PowerPoint presentations are available on the IFAC website site. They were also asked to inform staff if they were making such presentations.

Board Membership

Mr. George stated that he was pleased to announce that effective January 1, 2010, Mr. Dakduk had been appointed as chair, Mr. Niehues had been appointed as Deputy Chair, and Mr. Hughes and Ms. Orbea had been appointed as members of the IESBA.

2. Conflicts of Interest

Mr. George introduced the topic and the project proposal developed by the Planning Committee.

Section 220 of the Code addresses conflicts of interest for professional accountants in public practice. Section 310 of the Code addresses potential conflicts for professional accountants in business. Revisions to Section 220 were exposed in July 2003 and completed in June 2005. Section 310 is largely unchanged from the July 1996 Code. The objective of the project is to revise Sections 220 and 310 so that they provide helpful and up-to-date guidance for professional accountants in public practice and in business to identify and address conflicts of interest.

The project will address the following areas:

- *Linkage to Fundamental Principles* – The project will consider whether there is a need to provide a linkage between the guidance on conflicts of interest and the fundamental principles;
- *Definition or Description of a Conflict of Interest* – The project will consider whether the Code should contain a definition of a conflict of interest;
- *Examples of Conflicts* – The project will consider whether the Code should provide examples of conflicts and whether the examples should be sub-classified by category of conflict or in the case of professional accountants in public practice, by professional services area;
- *Situations in which a conflict might arise* – The project will consider whether the Code should provide examples of situations in which a conflict might arise;
- *Identification of Conflicts* – Identification of conflicts is a particularly challenging area and the project will consider whether the Code should contain guidance on how the professional accountant should or could identify conflicts of interest;
- *Evaluating the Conflict* – The project will consider whether the Code should provide guidance on how a professional accountant should evaluate an identified conflict;
- *Addressing the Conflict* - The project will consider whether the Code should provide guidance on how a professional accountant should address an identified conflict; and
- *Conflict Management* - The project will consider whether the Code should provide guidance on how conflicts can be managed.

Mr. George reported that CAG members had provided some suggestions, which had been incorporated into the proposal.

The Board discussed the project proposal and the following matters were noted:

- Additional guidance in the Code would help accountants to more fully understand the differences between matters related to independence and matters that are related to conflicts;
- The examples of conflicts provided in the project proposal seemed to relate more to accountants in public practice than accountants in business; and
- In considering a description or definition of a conflict, the task force should consider whether, in addition to business related conflicts, it should address the appearance of a conflict and personal conflicts;

The Board considered whether there should be two task forces with one task force developing guidance for professional accountants in public practice and the other developing guidance for professional accountants in business. While it was noted that there are some differences in the issues faced by the two types of professional accountants, there are many similarities. After discussion, the Board agreed one task force should start the project to maintain a consistent approach. The task force should, however, have the option of recommending that the project be split at a later stage, should it be of the view that this would be a more effective approach.

The Board agreed that the following changes should be made to the project proposal:

- The subject should indicate that the scope of the project is to determine the extent of guidance that is necessary and amend Sections 220 and 310 as appropriate;
- The first task that the task force should undertake is to determine whether to develop a description or definition of a conflict of interest, since this would drive the scope of the project;
- It should be clear that the project timetable is tentative; and
- The relevant sources of information should include a review of legal cases.

The Board agreed that it would be useful to pilot test the impact analysis approach on this project.

Subject to the above noted changes to the project proposal, the IESBA unanimously approved the project proposal. (17 votes)

Dr. Kitamura noted that the project had strong public interest implications. He also noted that it was important that careful consideration be given to performing an impact analysis for the project.

3. Responding to Fraud and Illegal Acts

Mr. George introduced the topic. He noted that while CAG members had expressed support for the project, a project proposal had not been presented to the CAG. The CAG would discuss the proposal at its March 2010 meeting.

Mr. George noted the IESBA had started a project to address this matter but the project had been deferred to enable the Board to focus on the revisions to the Code resulting from the independence and the drafting conventions projects. In light of the time that had passed since the work had been deferred, the Planning Committee considered it appropriate to develop a new project proposal.

The project was initiated in response to a concern expressed by IOSCO in a response letter to an IESBA exposure draft. Section 140 identifies three circumstances where professional accountants are required, or may be required, to disclose confidential information. One of these circumstances is when there is a professional duty or right to disclose and disclosure is not prohibited by law. IOSCO noted that the Code does not provide any further guidance or requirements in this situation.

Mr. George noted that the objective of the project is to provide guidance for professional accountants on how to respond in situations where they suspect that a fraudulent or illegal act has occurred. The project will not address a professional accountant's responsibility for detecting such acts or provide guidance on how to detect such acts. He noted that the auditor's responsibility in this area is addressed in ISA 240 *The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements*.

The project will address the following areas:

- *Legislative environment* – Many jurisdictions have “whistle blowing” legislation, some of which is quite extensive. The project will recognize the existence of such legislation and note that, depending on the jurisdiction, the professional accountant may have a legal obligation to report under such legislation.
- *Nature of Items to be Addressed* – The project will, at an early stage, define the types of confidential matters that the professional accountant may need to disclose as a result of a suspected fraud or illegal act and reconcile that disclosure with the guidance on disclosing confidential information. While the initial presumption will be to restrict the matters to be addressed to suspected fraud or illegal acts, the task force should consider whether the scope of the project should be wider and address, for example, matters that are “unethical” or “improper.”
- *Threshold for Taking Action* – The task force will consider what guidance can be provided to a professional accountant regarding the threshold for taking action. In this regard the task force should consider the “probability” that a fraud or illegal act has occurred and the “effect” of such an act.
- *Process for Responding* – The task force will develop guidance on the thought process the professional accountant would use in determining how to respond to a suspected fraud or illegal act.
- *Timing of Disclosure* – The task force will consider what guidance is necessary regarding the timing of disclosure in situations where the matter cannot be resolved and the professional accountant determines that disclosure is necessary, taking into consideration the Section 100 guidance on ethical conflict resolution.
- *Documentation* – The task force will consider what guidance should be given regarding the matters that should be documented by the professional accountant.

Mr. George noted that the Planning Committee was of the view that the project would be a challenging one and it would be useful to consult publically on the scope of the project. The project timetable, therefore, contemplates exposure of a consultation paper.

The Board discussed the project proposal and the following matters were noted:

- The term “illegal” is very broad and covers, for example, toxic waste dumping. The task force will need to give careful consideration to the nature of the matters that will be addressed;
- The task force should be careful not to be too prescriptive in the guidance it recommends to the IESBA;
- The project should provide guidance for situations where the accountant's suspicions that a fraud or illegal act has occurred arise when performing a professional service;
- While the project will not attempt to catalogue the legislation in this area, the legislation might provide some useful input to the project;
- The guidance issued by member bodies might also be useful;
- During the consultation process it will be important to obtain the views of the business community; and

- Given the potential for local legislation to significantly influence how professional accountants respond in their jurisdictions, discussions with national standard setters will be an important step in achieving wide adoption of any guidance that is issued by the IESBA.

Mr. Fleck reported that CAG members seemed to be interested in whether the requirement for professional accountants to comply with the principle of confidentiality would preclude a firm from reporting a suspected fraud or illegal act to the “proper authorities.” He noted that he would expect CAG members to welcome some clarity in this area.

Mr. George thanked the Board members for their comments. He indicated that the project proposal would be reviewed in light of the comments and changes would be made as necessary. The proposal would be discussed with the CAG at its meeting in March 2010 and the proposal, revised as appropriate to respond to CAG members comments, would be brought back to the IESBA at its June meeting for approval. The Board agreed that the timetable should be modified to reflect this approach.

4. Terms of Reference and Working Procedures

Mr. George introduced the topic. He noted that during 2008, IFAC undertook its first triennial review of the effectiveness of its Public Interest Activity Committees (PIACs), including the IESBA. The review focused on necessary refinements, based on the experience of the last three years, to the PIACs’ Terms of Reference and the PIAC Due Process and Working Procedures document (along with any consequential amendments to the CAG’s Terms of Reference). At the end of 2008, IFAC presented its recommendations to the Public Interest Oversight Board (PIOB). In April 2009, the PIOB reported that it had approved the amended PIAC Due Process and Working Procedures document and each of the proposed amended PIAC and CAG Terms of Reference as presented, subject to certain editorial changes. He noted that the agenda papers contain the amended IESBA Terms of Reference and PIAC Due Process and Working Procedures documents. It is anticipated that the IFAC Board will approve the amended IESBA Terms of Reference and PIAC Due Process and Working Procedures document at its November 2009 meeting, with a final report provided to the PIOB at its December 2009 meeting.

The Board noted the Terms of Reference. A question was raised regarding the description of a public member (“The three public members may be members of IFAC member bodies, but may not be members in public accounting practice or have a direct interest in the Code and the interpretations of the IESBA”). It was noted that a member of an IFAC member body would have a direct interest in the Code because member bodies have an obligation to adopt standards that are no less stringent than those contained in the Code. It was agreed that this matter would be referred to the IFAC Terms of Reference Task Force for consideration.

Dr. Kitamura noted that the review of the Terms of Reference were part of the triennial review in 2008. The Terms of Reference were discussed by the PIOB in April and

following that discussion, the PIOB sent a letter to Ian Ball, IFAC CEO, raising some matters for attention. IFAC has responded to the matters raised by the PIOB, which are presented in Agenda Paper 4-B. IFAC will formally report back to the PIOB on the changes that were made and the supporting rationale. The PIOB will then decide whether it will accept IFAC's proposed resolution of the matters raised by the PIOB.

5. Impact Analysis

Mr. George introduced the topic. He noted that IFAC had developed an impact analysis process under which a proposed standard will be subject to a systematic and structured evaluation to identify the impacts of proposed changes. It will require each PIAC to:

- Set out in clear and simple language the nature of a problem, the objective(s) of the board in addressing the problem, the options that were considered in achieving the objective(s), and the information used to inform the analysis of the options, as well as the final decision(s) of the board in regard to the problem; and
- Document and communicate this process.

Mr. George reported that the IAASB Impact Analysis Chair had presented a progress report to the IAASB CAG. In this report the chair commented that:

- A qualitative rather than quantitative approach would be taken because quantitative data is not available on a global basis;
- It was important that the analysis be scalable because projects have different impacts;
- The analysis should be continuous and not an after the fact justification of the conclusions reached;
- The approach will likely be quite “free-form” depending upon the nature of the project; and
- The impact analysis is formally documented in the Explanatory Memorandum to an exposure draft and is further refined through feedback received during the exposure process. The final impact analysis is documented in the Basis for Conclusions.

Mr. George reported that the IESBA Planning Committee had reviewed the impact analysis guidance and an example that had been completed by the IAASB. It then pilot tested the analysis on a section of the revised Code. Partner rotation had been selected because it is a relatively small and discrete part of the Code but contains numerous decision points.

The IESBA discussed the results of the Planning Committee's pilot test (Agenda Paper 5-C) and the following points were noted:

- Preparing an impact analysis is challenging for ethics, and independence in particular, because:
 - There are a large number of decision points in the Code and it would seem that each decision point would need to be considered in an impact analysis; and

- Independence comprises independence of mind and independence in appearance and it is difficult to assess, even in qualitative terms, the impact on independence in appearance because it is in the eyes of a reasonable and informed third party;
- Whether “audit quality” is the appropriate impact to analyze for partner rotation is unclear; arguments could be made that partner rotation decreases audit quality;
- A better impact might be whether the "proposal" would “strengthen public confidence”;
- In addition to requirements, the Code contains principles and “softer” matters that are directed towards attitude and behavior. It will be challenging to develop an impact analysis for these matters;
- Whether having analyzed the impacts there should be an explicit conclusion and a statement that the IESBA believes that the “goods outweigh the bads”;
- How to weight the various impacts – in the example of partner rotation, the impact for a firm of increased partner rotation can be significant;
- Preparing this on a global basis will be challenging because the impact will vary from jurisdiction to jurisdiction; and
- Imbedding impact analysis into the process would be helpful and inform the Board’s decision making process before it starts drafting.

After the discussion, the IESBA concluded that, given the challenges associated with developing an impact analysis of changes to the Code, it would be useful for the two project task forces (conflicts and fraud) to perform such an analysis so that the process can be refined as necessary for efficient ongoing application.

Dr. Kitamura noted that the impact analysis process would apply to all three PIACs. He noted that the benefit of impact analysis is that it could enhance the effectiveness of due process by providing greater transparency of the reasons why a particular change was proposed or has been made.

6. Review Engagements

Ms. Sapet introduced the topic. As background information, she noted that the IAASB commenced a project to consider what communication is needed to promote practitioner and user awareness about alternatives to the audit. In considering this matter the IAASB task force is determining what revisions are necessary to ISRE 2400 *Engagements to Review Financial Statements* and ISRE 4410 *Engagements to Compile Financial Statements*. The IAASB had asked the IESBA whether, because of the linkage to the Code, it wished to appoint a correspondent member to the IAASB task force. The IESBA had accepted this invitation and Ms. Sapet was appointed as the IESBA correspondent.

One of the matters to be considered by the task force is whether from the perspective of the public interest, there is need to further explore how the independence requirements of the (Code) are applied in the context of reviews of financial statements.

Ms. Sapet reported that at its July 2009 meeting, the task force received a presentation on the Code from Sylvie Soulier. Ms. Sapet participated in that meeting by phone. The objective of the presentation was to explain the requirements of the Code to identify areas where the task force felt there may be a need for further discussion with the IESBA on the independence requirements for review engagements. After discussion, the consensus view of the task force was that, in the context of providing assurance on financial statements, the current provisions of the Code are appropriate. It agreed that the application of independence should not be different, for example, because the reviews are limited assurance engagements and not reasonable assurance engagements.

Ms. Sapet indicated that the IAASB timetable provided for a first read of a draft exposure draft at its March 2010 meeting.

Mr. George thanked Ms. Sapet for her report.

7. Internal Audit

Mr. Franchini introduced the topic. He noted that the IAASB had commenced a project to revise ISA 610 *Using the Work of Internal Auditors*. The project will include whether to expand the scope of ISA 610 to address instances of internal auditors providing direct assistance to the auditor. Given the linkage with the Code, the IAASB extended an invitation to the IESBA to appoint a task force member and Bob Franchini was appointed as the IESBA correspondent.

Mr. Franchini noted that there were two matters that were of specific relevance to the IESBA: the description of the ethical principles of internal auditors and the provision of direct assistance by the internal auditor.

Ethical Principles of Internal Auditors

Mr. Franchini reported that the IAASB task force was mindful of the need to consider the fundamental principles in the Code when referring to the ethical principles that the external auditor may consider in evaluating the internal audit function. Internal auditors may or may not be a member of an IFAC member body (as per the definition of professional accountant in the IFAC Code). In this regard, the task force was concerned that if the word “professional” in the principle “professional competence” is used, it may inadvertently create the impression that the ethical principles are only applicable in the case of internal auditors who are members of an IFAC member body. Accordingly, the task force proposes that ISA 610 refer only to competence. Thus, the principles in ISA 610 would be objectivity, competence, and due care, which contrasts with the principles in the Code, i.e., objectivity, professional competence, and due care.

The IESBA discussed the proposal of the IAASB task force and thought that the approach was appropriate in the circumstances.

Direct Assistance

Mr. Franchini reported that the IAASB task force was of the view that given the widespread use of internal auditors to provide direct assistance to the external auditors in

many jurisdictions, the scope of ISA 610 should be appropriately expanded to address such circumstances when they are not prohibited by local law or regulation.

Mr. Franchini reported that the task force proposes that, where internal auditors provide direct assistance, the external auditor will need to exercise skepticism given that internal auditors are not independent of the entity and, in accordance with the hierarchy of evidence set out in ISA 500 *Audit Evidence*, should therefore be presumed to provide less reliable evidence than if the work was performed directly by the external auditor. Accordingly, the task force proposes that in applying a threats and safeguards approach, the external auditor's level of supervision or review of audit procedures performed by internal auditors will ordinarily need to be more extensive than if the external auditor had performed the work directly.

IESBA members were asked whether they agreed with the task force's view that a threats and safeguards approach should be taken when internal auditors provide direct assistance to the external auditor. IESBA members were also asked to consider whether changes should be made to the definition of "engagement team" to clarify that internal auditors providing direct assistance are not members of the team.

In response to a question, Mr. Franchini noted that the task force is of the view that there would be situations where the work of the internal auditors would not be used or direct assistance not obtained – for example, in the case where the objectivity or competence was low.

The IESBA discussed the issue and agreed with the proposed threats and safeguards approach. The IESBA also noted that the additional review and supervision (including possible re-performance) emphasized the fact that the internal auditor was not a member of the engagement team. Accordingly, the IESBA agreed that no change to the definition of engagement team is needed.

It was noted that paragraph 290.163 of the revised Code could be interpreted as meaning that the auditor would be performing a management responsibility if the internal auditor provided direct assistance. 290.163 states "Examples of activities that would generally be considered a management responsibility include... [d]irecting and taking responsibility for the actions of the entity's employees." The IESBA agreed that this paragraph would be discussed at the next IESBA meeting.

Mr. George thanked Mr. Franchini for his report.

8. Strategic Plan

Mr. George introduced the topic. He noted that the IESBA had previously issued a work plan, entitled the Strategic and Operational Plan for 2008-2009. For the period covered by the plan, the IESBA's work effort focused on the two independence projects and drafting conventions. Work on the remaining three projects was deferred. The priority of the three remaining projects had been discussed with the CAG and the National Standard Setters

and the IESBA had agreed at its April 2009 meeting that project proposals should be prepared for projects on conflicts of interest and fraud.

The Planning Committee had considered the input and, in accordance with the IESBA's terms of reference and due process, had prepared and issued a survey of stakeholders. The survey identified fraud and illegal acts and conflicts of interest as priorities of the Board and asked respondents to confirm the priority of these two projects. The survey also identified other possible projects (which had either been suggested by the National Standard Setters or by respondents to the IESBA strategic review in 2007) and requested input on their priority and contained some open ended questions to allow respondents to identify other possible projects.

Mr. George reported that there were 101 respondents to the survey. The Planning Committee had considered the results of the survey, which were then discussed with the CAG at its meeting in September 2009. The draft Strategic Plan was developed after consideration of CAG input and the results of the survey.

The IESBA discussed the draft strategic plan and the following points were noted:

- *Ethical Guidance for Accountants in Government* was included as a project on the 2008-2009 plan. The draft plan should indicate why this project is no longer a priority for the IESBA;
- The Strategic Plan should explicitly state that it may need to be amended if required by future events;
- There should be greater emphasis on convergence by importing some of the initiatives from the convergence plan into the Strategic Plan. This will provide a context for the considerable amount of effort that will be required by the Board to further the convergence objective. Consideration should be given to whether the order in which the IESBA will address convergence should be:
 - Member bodies;
 - Regulators who have responsibility for auditors;
 - Other industry specific regulators.
- The plan should recognize the IESBA's intention to implement an impact analysis of changes to the Code;
- The work plan would benefit from a timeline graphic and the tentative dates should be updated to reflect the timelines contained in the conflicts and fraud project proposals;
- The work plan should have separate work streams for adoption/implementation and convergence;
- The description of the project addressing collective investment vehicles should be more specific and state "the project will consider which entities would be considered to be related entities of a collective investment vehicle and thus subject to the independence requirements"; and
- The exposure draft should contain some questions for respondents.

It was agreed that the Strategic Plan would be redrafted to address these points.

9. Convergence

Mr. George introduced the topic. He noted that the IESBA approved a convergence plan at its prior meeting. After that meeting the Planning Committee met with staff from IFAC's Compliance Advisory Panel to gain a better understanding of the status of adoption of the previous Code. The Planning Committee also reviewed information provided by attendees at the National Standard Setters' meeting regarding the status of their adoption and implementation of the Code. Prior to the October meeting, IESBA members were asked to provide information on plans for adoption and implementation of the Code.

Ms. Munro presented a summary of plans for adoption and implementation of the Code in various jurisdictions that had been prepared from information IESBA members had provided prior to the meeting. The following points were noted:

- In some jurisdictions, responsibility for the matters addressed in the Code is shared by different parties – for example, an independent regulator might have responsibility for independence while the member body has responsibility for the other parts of the Code;
- With respect to a timetable for adoption, some indicated changes were already in place and would be adopted by or before the effective date of the Code. Some indicated a three- to five-year timetable while others indicated that the process was not under the control of the member body and it was not, therefore, possible to indicate an anticipated timetable;
- With respect to the anticipated form of adoption, some indicated the same format would be used, other indicated a different format would be used.
- Some indicated that there would be additions to the Code.
- Identified adoption or implementation challenges included:
 - The move from “should” to “shall” and the need to communicate the difference;
 - Understanding the threats and safeguards approach and its linkage to enforceability;
 - The need to consult and go through jurisdictional due process;
 - Application in an SMP environment.
- Planned implementation assistance that would be developed in various jurisdictions included:
 - Technical support by responding to oral and written queries;
 - Promotion through various forums of stakeholders;
 - Articles and presentations;
 - Publication of a case study and explanatory material; and
 - Training seminars.

The IESBA discussed the survey and the following points were noted:

- The results demonstrate how many differing models there are for implementation and adoption and re-enforce that a significant effort will be needed to achieve greater convergence;

- The extent of the differing models indicates that a preliminary focus should be on member body adoption;
- Whether the Statement of Membership Obligation requirement that member bodies should apply “no less stringent standards” was acting as an obstacle to greater convergence because member bodies might be focusing on this and interpreting it in different ways;
- Consideration should be given to what each Board member can do in his or her jurisdiction to further implementation and adoption of the Code and how this can then be fed back to the Board;
- A useful mid-term objective would be to further extra-territorial recognition of the Code (foreign auditors comply with the independence requirements of the Code);
- Whether convergence would be improved if the independence provisions were identified in a standalone document; and
- Whether the word “convergence” was appropriate.

After discussion, the IESBA agreed that a great deal of effort would be required to further this objective and the matter should be on each IESBA meeting agenda, and this should be reflected in the strategic plan.

10. Comments from the Public Interest Oversight Board

Mr. George invited Dr. Kitamura, representing the PIOB to make some comments.

Dr. Kitamura noted that he had observed the meeting with great interest. It was the first time that he had observed an IESBA meeting and, perhaps because of this, he sometimes had difficulties in identifying whether a speaker was an IESBA member or technical advisor to an IESBA member. He noted that after concluding the revision of the Code of Ethics, the IESBA is now entering into a new stage of developing the Strategic Plan and starting new projects.

During the IESBA meeting there was a great deal of discussion on the convergence objective. He noted that as the debate develops, more consideration and deliberation will be needed to further this objective.

IFAC, the Monitoring Group, and the PIOB are assessing the IFAC reforms and its processes and are also exploring the future course of the current model for standard-setting and monitoring/overseeing activities and the role of the PIOB. In this regard he offered the following comments:

- The PIOB approved the revisions of the Code last June after discussing the due process followed by the IESBA. The PIOB recognized that priority should be given to further work that would improve the Code so that jurisdictions and key regulators can adopt and implement the Code.
- The future role of the PIOB is now being discussed in the Monitoring Group and the PIOB. In his opinion, the PIOB may include adoption/implementation and convergence in its focus.

He noted that the IESBA's discussion in the meeting covered the challenging issue of convergence in the context of the Code and he would report on this discussion to the PIOB.

He reported that there had been some staff changes to the PIOB secretariat with Ms. Donna Bovolaneas retiring and being replaced by Mr. Gonzalo Ramos. In addition, Mr. Carltal Waldo Vitzthum, new communication director, is in Madrid.

Dr. Kitamura expressed the appreciation of the PIOB to Mr. George and all the other outgoing members of the IESBA.

10. Other

Bob Bunting, IFAC President, joined the meeting via conference call. He expressed regret that none of the IFAC officers or management team could be present at the IESBA meeting. He stated that the IFAC Board recognized the significant effort of all IESBA members in developing the revised Code that was issued in July 2009. He noted that the IFAC Board would be taking active steps to promote its adoption and IFAC's Compliance Advisory Panel would be encouraging member bodies to adopt the new Code. In addition, the IFAC Board would be promoting the Code with regulators and would work with IESBA to ensure this happens with a consistent and constructive voice.

Mr. Bunting thanked the public members of the IESBA for their input and participation and the task force chairs of the three projects that resulted in the revised Code (Mr. Dakdduk, Ms. Rothbarth, and Mr. Winetroub).

Mr. Bunting thanked outgoing chair Mr. George. He stated that IFAC was indebted to him for his direction and leadership. Mr. Bunting also thanked all board members for their contribution.

In closing Mr. Bunting congratulated Mr. Dakdduk and Mr. Niehues as incoming Chair and Deputy-Chair, respectively.

Mr. George thanked Mr. Bunting for his remarks, thanked all Board members for their participation and closed the meeting.

10. Future Meeting Dates

February 17-18, 2010 (New York, US)
June 23-25, 2010 (Paris, France)
October 25-27, 2010 (TBC)