

Impact Analysis
Stakeholders

Current Standard	Proposed Change	Impact	Direction & Magnitude of Impact	Duration of Impact
Requirements				
A professional accountant shall maintain confidentiality unless there is a professional duty or right to disclose confidential information.	<p>If a professional accountant encounters a suspected illegal act and the accountant determines that disclosure would be in the public interest, the accountant shall disclose the matter to an appropriate authority, when not prohibited by law, if the client or employing organization has not disclosed the matter. The types of suspected illegal acts to be disclosed are:</p> <ul style="list-style-type: none"> • Suspected illegal acts that directly or indirectly affect the client's or employing organization's financial reporting; • Suspected illegal acts the subject matter of which falls within the expertise of the professional accountant, such as fraud, bribery or insider trading. 	<p><i>Professional accountant in business and professional accountant in public practice that are not auditors</i></p> <p>A professional accountant who determines that disclosure would be in the public interest and discloses a suspected illegal act to an appropriate authority will face additional increased exposure to litigation if the suspicion turns out to be unfounded.</p>	Moderate	Ongoing
		<p>Professional Accountants who are Auditors</p> <p>Auditors will face increased liability/responsibility because the scope of this section is broader than the scope of ISAs and because this section requires disclosure to an appropriate authority where ISAs require only disclosure to those charged with governance.</p>	Moderate	Ongoing
		<p>Client – Employing organization</p> <p>A client / employing organization would face a reduction in confidentiality</p>	Moderate	Ongoing
		<p>Public interest</p> <p>The public interest is better protected because of increased reporting of suspected illegal acts to an appropriate authority thus permitting the appropriate authority to investigate and take action to address the matter.</p> <p>A possible reduction in the number of illegal acts because of the deterrent effect associated with the knowledge that a professional accountant is required to disclose certain suspected illegal acts to an appropriate authority.</p>	Moderate	Ongoing
Process				
	If a professional accountant acquires information or encounters circumstances which lead the accountant to suspect that an illegal act has been is required to take steps to confirm	<p><i>Professional Accountant who are Auditors</i></p> <p>ISA 240 requires an auditor to disclose fraud to management and escalate to those charged with governance as appropriate.</p>		

	<p>or dispel the suspicion by discussion with an appropriate level of management and if necessary through escalation within the organization (225.5)</p>	<p>ISA 250 requires an auditor to disclose certain illegal acts to management and escalate to those charged with governance as appropriate. The illegal acts addressed under ISA 250 are illegal acts related to non-compliance with laws and regulations that have a direct effect on material amounts in the financial statements and other laws and regulations that do not have a direct effect but compliance with which may be fundamental to the operating aspects of the business, the entity's ability to continue as a going concern, to avoid material penalties - non-compliance with these laws may have a material effect on the f/s ("material effect illegal acts")</p> <p>The scope of the Code proposed guidance and addresses all illegal acts that have a direct or indirect effect on the entity's financial reporting without regard to materiality. Thus, the auditor may face increased work as he would need to have a process for confirming or dispelling suspicion those illegal acts that fall outside the scope of ISA 240 and 250.</p> <p><i>Professional Accountants in Public Practice who are not Auditors</i> Professional accountants in public practice who are not auditors will face increased work as they would need to have a process for confirming or dispelling suspicion of illegal acts</p> <ul style="list-style-type: none"> • that directly or indirectly affect the client's or employing organization's financial reporting; • the subject matter of which falls within the expertise of the professional accountant, such as fraud, bribery or insider trading. <p><i>Professional Accountants in Business</i> Professional accountants in business may face increased work as they would need to have a process for confirming or dispelling suspicion of illegal acts</p> <ul style="list-style-type: none"> • that directly or indirectly affect the client's or employing organization's financial reporting; <p>the subject matter of which falls within</p>		
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		the expertise of the professional accountant, such as fraud, bribery or insider trading		
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