

Meeting: IESBA
Meeting Location: New York
Meeting Date: March 11-13, 2013

Agenda Item

6

Review of Part C of the Code

Objective of Agenda Item

1. To consider and approve a proposal to start a project to review Part C of the Code.

Working Group

2. Members:
 - Jim Gaa, Chair, IESBA Member
 - Larry Kean, SME Representative
 - Alice McCleary, IESBA Member
 - Ian Rushby, PAIB Committee Member
 - Lisa Snyder, IESBA Technical Advisor

Background

3. At its meeting in December 2012, the IESBA agreed to the recommendations of the Working Group regarding a review of Part C of the Code, including that priority attention be given to the following areas:
 - Pressure by superiors and others to engage in unethical or illegal acts;
 - The responsibility of professional accountants in business (PAIBs) to produce financial reports that are faithful representations of the economics of transactions, and associated matters; and
 - Facilitation payments and bribes.
4. The IESBA agreed that this work stream should proceed on an accelerated basis under the current strategy and work plan rather than be subject to further consideration of relative prioritization as part of the current consultation on the strategy and work plan for 2014-2016. Accordingly, the IESBA asked the Working Group to prepare a project proposal for the Board's consideration and approval at the March 2013 meeting.
5. Amongst other matters, it was suggested during the December 2012 IESBA meeting that the Working Group also consider the following:
 - Independence for internal auditors.

- The role of PAIBs as part of organizations and how their role interacts with the roles, both financial and non-financial, of individuals who are not PAIBs.
 - The enforceability and awareness of the Code, including effective communication about it.
6. In response to the above suggestions in the context of developing the project proposal, the Working Group:
- Noted that independence for internal auditors is covered as a separate issue in the current strategy survey relative to the broader category of professional accountants not in public practice who perform assurance engagements.
 - Has included in the project proposal consideration of the role of PAIBs as part of organizations.
 - Has concluded that matters of enforceability and awareness of the Code, including communication, are the primary responsibility of IFAC member bodies, and therefore outside the remit of the project.

Activities Since Last IESBA Discussion

7. The Working Group met twice by teleconference in January and February 2013 to develop and finalize the project proposal for the IESBA's consideration at this meeting.

Material Presented

Agenda Item 6-A Project Proposal – Review of Part C of the Code

Action Requested

8. The IESBA is asked to approve the project proposal.