

Proposed Structure and Drafting Conventions**Background**

1. In December 2013, the IESBA asked the Structure of the Code Working Group to develop drafting conventions for consideration by the Board at its April 2014 meeting. The drafting conventions are linked with the way the Code could be structured and therefore the structure conventions and drafting conventions are presented together. The drafting conventions (hereafter referred to as “structure and drafting conventions”) have been compiled from:
 - The current IESBA drafting practices
 - Drafting conventions employed by other organizations
 - Analyzing the cause of long and complex sentences in the extant Code
2. The structure and drafting conventions are intended to be a living document that is updated as better drafting practices are identified. The Working Group recognizes that the general advice embodied in those conventions is subjective in nature.
3. The structure and drafting conventions comprise three overlapping sections:
 - A description of the proposed structure of a section of the Code to help Task Forces follow a consistent style when drafting
 - Rules for consistent use of certain words, such as “shall”
 - General advice to encourage clear language. The general advice is shown in Appendix 1.

Objectives of the Structure and Drafting Conventions

4. The structure and drafting conventions:
 - (a) Aim for clear Ethics Standards that are translatable without a loss of clarity;
 - (b) Aspire to a reading grade of the Code equivalent to not more than a university graduate level; and
 - (c) Provide a description of the structure of sections of the Code and guidance to assist the writing of clear language.

A Description of the Structure of Individual Sections of the Code

5. Individual Sections of the Code would be structured as follows:
 - Purpose
 - Requirements:
 - Including matters specifically not permitted (Independence Sections)
 - Application and other explanatory material
6. In the purpose subsection, introductory comments describe broadly and briefly what threats may exist and their impact on the fundamental principles and, where relevant, independence. This is intended to explain the purpose of the Section to the professional accountant and to set out the context in which the requirements are to be read. The language is deliberately broad – for example,

it refers to “auditors” and not to “firms” or “professional accountants.” More specific language is used in the requirements. The purpose includes a reminder, at the start of each section, to the professional accountant of the importance of the fundamental principles and the requirement to comply with the principles-based conceptual framework.

7. Requirements and “application and other material” are shown in separate paragraphs. The “application and other material” paragraphs include:
 - Matters identified as threats but which are permitted
 - Guidance on what a requirement means or is intended to cover
 - Matters the professional accountant should consider
 - Suggested procedures
 - Examples of procedures that may be appropriate in the context of the engagement or assignment
8. The word “shall” is used within requirements sections to denote the obligations with which a member is required to comply. The Code requires professional accountants to comply with all provisions denoted by the word “shall,” unless compliance is prohibited by law or regulation or an exception is permitted by the Code. The word “should” is not used in the Code as an alternative to “shall”.
9. “Shall” denotes a requirement and is not used in the explanatory sections. Where there is a need to refer in “application and other material” to a requirement that is already established in the requirements section, wording other than use of the term “shall” is employed (e.g. “the fundamental principles require the professional accountant to ...”).
10. Agenda Item 4-C provides an example of how this restructuring would be performed.

Matters for Consideration

1. IESBA members are asked to consider and comment on:
 - (a) The proposed approach to restructuring; and
 - (b) The proposed drafting conventions set out in Appendix 1?

Appendix 1

Drafting Conventions

MANDATORY

1. “Consider” is used where the accountant is required to think about several matters.
2. “Evaluate” is used when the accountant has to assess and weigh the significance of a matter.
3. “Determine” is used when the accountant has to conclude and make a decision.

DISCRETIONARY

4. “Accountant” should be used in preference to the terms “professional accountant” and “professional accountant in practice (or in business).” The Code applies to all members of IFAC member bodies. The adjective “professional” is not necessary. The clarifiers “in practice” and “in business” are not usually necessary. Part B applies to professional accountants in public practice, Part C applies to professional accountants in business, and Part A applies to both. In sections where it is necessary to clarify the type of accountant to whom the section applies, an exception can be made.
5. The active voice is preferred to the passive voice.
6. Where possible, short sentences should be used. A maximum sentence length of 20 words is suggested. The use of bullet points, splitting paragraphs with more than one key point, using sub-headings and sub-topics may help.
7. The use of cross references to the conceptual framework would make the Code more succinct and avoid repetition of stock phrases.
8. Nuances to finesse challenging issues should be avoided as the meaning may not be clear in translation.
9. Legalistic and archaic terms should be avoided, e.g., herein, notwithstanding.
10. “Staff” and “entity” or “organization” should be used in preference to “employment/employee/employer” which is a legal construct that is becoming out of date and also fails to capture outsourced staff/temporary staff/sub-contractors.
11. Repeating terms that are already included in a definition should be avoided. E.g. “those charged with governance” is sufficient and it is unnecessary to add “of the organization, such as a board of directors or the audit committee.”
12. Superfluous adjectives should be avoided, e.g., “relevant.” It can be assumed that an accountant would not include irrelevancies in their application of the Code.
13. Defined terms should be marked in drafting.
14. The word “deem” should be avoided unless unavoidable.