

Mapping Table of Comparison of Handbook of The Code of Ethics/Preface and Guide to the Code to Post-CP Draft Restructured Code

Extant section 100.2 and 100.6 are under review by the Safeguards Task Force. They are shown in this mapping table for the purpose of illustration of the Guide to the Code and are subject to further review by the Safeguards Task Force.

Extant Code		Draft Restructured Code	Comments
Introduction to the International Ethics Standards Board for Accountants			
Code Introduction	The International Ethics Standards Board for Accountants® (IESBA®) is an independent standard-setting body that develops an internationally appropriate <i>Code of Ethics for Professional Accountants</i> ™ (the Code).	The International Ethics Standards Board for Accountants® (IESBA®) is an independent standard-setting body that develops an internationally appropriate <i>Code of Ethics for Professional Accountants</i> ™ (the Code).	No change.
Code Introduction	The objective of the IESBA, as outlined in its Terms of Reference, is to serve the public interest by setting high-quality ethics standards for professional accountants. The IESBA's long-term objective is convergence of the Code's ethical standards for professional accountants, including auditor independence standards, with those issued by regulators and national standard setters. Convergence to a single set of standards can enhance the quality and consistency of services provided by professional accountants throughout the world and can improve the efficiency of global capital markets.	The objective of the IESBA, as outlined in its Terms of Reference, is to serve the public interest by setting high-quality ethics standards for professional accountants. The IESBA's long-term objective is convergence of the Code's ethical standards for professional accountants, including auditor independence standards, with those issued by regulators and national standard setters. Convergence to a single set of standards can enhance the quality and consistency of services provided by professional accountants throughout the world and can improve the efficiency of global capital markets.	No change.
Code Introduction	The IESBA consists of 18 board members from around the world, of whom no more than 9 are practitioners and no	The IESBA consists of 18 board members from around the world, of whom no more than 9 are practitioners and no fewer	No change.

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	fewer than 3 are public members (individuals who are expected to reflect, and are seen to reflect, the wider public interest). Members are appointed by the IFAC Board, based on recommendations from the IFAC Nominating Committee and with the approval of the Public Interest Oversight Board (PIOB), which oversees the activities of the IESBA.	than 3 are public members (individuals who are expected to reflect, and are seen to reflect, the wider public interest). Members are appointed by the IFAC Board, based on recommendations from the IFAC Nominating Committee and with the approval of the Public Interest Oversight Board (PIOB), which oversees the activities of the IESBA.	
Code Introduction	The standard-setting process of the IESBA includes the involvement of the PIOB and the IESBA's Consultative Advisory Group (CAG), which provides public interest input into the development of the IESBA's standards and guidance.	The standard-setting process of the IESBA includes the involvement of the PIOB and the IESBA's Consultative Advisory Group (CAG), which provides public interest input into the development of the IESBA's standards and guidance.	No change.
Code Introduction	In developing its standards, the IESBA is required to be transparent in its activities, and to adhere to due process as approved by the PIOB. Board meetings, including meetings by teleconference, are open to the public, and agenda papers are available on its website.	In developing its standards, the IESBA is required to be transparent in its activities, and to adhere to due process as approved by the PIOB. Board meetings, including meetings by teleconference, are open to the public, and agenda papers are available on its website.	No change.
	Please visit www.ethicsboard.org for more information.	Please visit www.ethicsboard.org for more information.	No change.
The International Federation of Accountants' Role			
Code Introduction	The International Federation of Accountants (IFAC) serves the public interest by contributing to the development of strong and sustainable organizations, markets, and economies. It advocates for transparency, accountability, and comparability of financial reporting; helps develop the accountancy profession; and communicates the importance	The International Federation of Accountants (IFAC) serves the public interest by contributing to the development of strong and sustainable organizations, markets, and economies. It advocates for transparency, accountability, and comparability of financial reporting; helps develop the accountancy profession; and communicates the importance and value of accountants to	No change.

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	and value of accountants to the global financial infrastructure. Founded in 1977, IFAC is currently comprised of more than 175 members and associates in 130 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.	the global financial infrastructure. Founded in 1977, IFAC is currently comprised of more than 175 members and associates in 130 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.	
Code Introduction	As part of its public interest mandate, IFAC contributes to the development, adoption, and implementation of high-quality international ethics standards for accountants, primarily through its support of the IESBA. IFAC provides human resources, facilities management, communications support, and funding to this independent standard-setting board, and facilitates the nominations and selection process for board members.	As part of its public interest mandate, IFAC contributes to the development, adoption, and implementation of high-quality international ethics standards for accountants, primarily through its support of the IESBA. IFAC provides human resources, facilities management, communications support, and funding to this independent standard-setting board, and facilitates the nominations and selection process for board members.	No change.
Code Introduction	The IESBA sets its own agendas and approves its publications in accordance with its due process and without IFAC's involvement. IFAC has no ability to influence the agendas or publications. IFAC publishes the handbooks, standards, and other publications and owns the copyrights.	The IESBA sets its own agendas and approves its publications in accordance with its due process and without IFAC's involvement. IFAC has no ability to influence the agendas or publications. IFAC publishes the handbooks, standards, and other publications and owns the copyrights.	No change.
Code Introduction	<ul style="list-style-type: none"> The IESBA's independence is safeguarded in a number of ways: formal, independent public interest oversight for standard setting by the PIOB (see www.ipiob.org for more information), which includes a rigorous due process involving public consultation a public call for nominations, and formal, 	<ul style="list-style-type: none"> The IESBA's independence is safeguarded in a number of ways: formal, independent public interest oversight for standard setting by the PIOB (see www.ipiob.org for more information), which includes a rigorous due process involving public consultation a public call for nominations, and formal, independent 	No change

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	<p>independent oversight of the nominations/selection process by the PIOB</p> <ul style="list-style-type: none"> full transparency, both in terms of due process for standard setting, as well as public access to agenda materials, meetings, and a published basis for conclusions with each final standard the involvement of a Consultative Advisory Group and observers in the standard-setting process, and the requirement that IESBA members, as well as nominating/employing organizations, commit to the board's independence, integrity, and public interest mission. 	<p>oversight of the nominations/selection process by the PIOB</p> <ul style="list-style-type: none"> full transparency, both in terms of due process for standard setting, as well as public access to agenda materials, meetings, and a published basis for conclusions with each final standard the involvement of a Consultative Advisory Group and observers in the standard-setting process, and the requirement that IESBA members, as well as nominating/employing organizations, commit to the board's independence, integrity, and public interest mission. 	
Code Introduction	Visit the IFAC website at www.ifac.org for further information.	Visit the IFAC website at www.ifac.org for further information.	No change.
HANDBOOK OF THE CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS			
TABLE OF CONTENTS			New one for ED
PREFACE			
Preface	The IESBA develops and issues, under its own authority, the Code of Ethics for Professional Accountants (the Code) for use by professional accountants around the world.	The IESBA develops and issues, under its own authority, the <i>Code of Ethics for Professional Accountants</i> (the Code) for use by professional accountants around the world.	No Change.
Preface	A member body of IFAC or firm shall not apply less stringent standards than those stated in this Code. However, if a	A Member body of IFAC or firm shall not apply less stringent standards than those stated in this Code. However, if a member	No change.

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	member body or firm is prohibited from complying with certain parts of this Code by law or regulation, they shall comply with all other parts of this Code.	body or firm is prohibited from complying with certain parts of this Code by law or regulation, they shall comply with all other parts of this Code.	
Preface	Some jurisdictions may have requirements and guidance that differ from those contained in this Code. Professional accountants in those jurisdictions need to be aware of those differences and comply with the more stringent requirements and guidance unless prohibited by law or regulation.	Some jurisdictions may have requirements and guidance that differ from those contained in this Code. Professional accountants in those jurisdictions need to be aware of those differences and comply with the more stringent requirements and guidance unless prohibited by law or regulation. <u>In addition, professional accountants, where applicable, should comply with the ethical requirements of any relevant authority which may regulate them, their clients or employing organization. For example, a professional accountant who performs an audit for a listed entity, may be subject to additional independence and ethical requirements established by a relevant securities regulator.</u>	No change. Underlined text is new material to update the Preface.
PART A – GENERAL APPLICATION OF THE CODE			
		Guide to the Code	New material.
		Purpose of this Code	New material.
100.1	A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. Therefore, a professional accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer. In acting in the public interest, a professional accountant shall observe and comply with this Code. If a professional accountant is prohibited from complying with	1. <u>This Code sets out internationally appropriate standards.</u> It contains the fundamental principles of ethics for professional accountants. These reflect the profession's recognition of its public interest responsibilities. They establish the foundation for ethical conduct and guide the professional accountant in the performance of professional activities.	New material underlined. See also 100.1 and R100.4.

Extant Code	Draft Restructured Code	Comments
<p>100.2</p> <p><u>This Code contains three parts. Part A establishes the fundamental principles of professional ethics for professional accountants and provides a conceptual framework that professional accountants shall apply to:</u></p> <p>(a) Identify threats to compliance with the fundamental principles;</p> <p>(b) Evaluate the significance of the threats identified; and</p> <p>(c) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level. <u>Safeguards are necessary when the professional accountant determines that the threats are not at a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the professional accountant at that time, that compliance with the fundamental principles is not compromised.</u></p> <p>A professional accountant shall use professional judgment in applying this conceptual framework.</p>		<p>Work on this paragraph is subject to future revision based on discussion with the Safeguards Task Force.</p>
<p>100.6</p> <p>The circumstances in which professional accountants operate may create specific threats to compliance with the fundamental principles. It is impossible to define every situation that creates threats to compliance with the fundamental principles and specify the appropriate action. In</p>	<p>2. The Code provides a conceptual framework that professional accountants are to apply in order to identify threats to compliance with the fundamental principles. The conceptual framework is also used to evaluate the significance of the threats identified and apply safeguards to eliminate or reduce</p>	<p>Work on this paragraph is subject to future revision based on</p>

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	addition, the nature of engagements and work assignments may differ and, consequently, different threats may be created, requiring the application of different safeguards. Therefore, this Code establishes a conceptual framework that requires a professional accountant to identify, evaluate, and address threats to compliance with the fundamental principles. The conceptual framework approach assists professional accountants in complying with the ethical requirements of this Code and meeting their responsibility to act in the public interest. It accommodates many variations in circumstances that create threats to compliance with the fundamental principles and can deter a professional accountant from concluding that a situation is permitted if it is not specifically prohibited.	the threats to an acceptable level. <u>In certain circumstances no safeguards will be available to reduce the threats to an acceptable level, so the professional accountant needs to take action accordingly for example, by ending the interest or relationship creating the threat to compliance with the fundamental principles.</u>	discussion with the Safeguards Task Force. Underlined text is descriptive material based on the conceptual framework.
How this Code is Structured			
100.2	See above.	3. The Code contains three parts: • Part A – <i>General Application of the Code</i> , is applicable to all professional accountants	From 100.2 See underlined text in the extant Code column above.
100.3	Parts B and C describe how the conceptual framework applies in certain situations. They provide examples of safeguards that may be appropriate to address threats to compliance with the fundamental principles. They also describe situations where safeguards are not available to address the threats, and consequently, the circumstance or	• Part B – Professional Accountants in Business, is applicable to professional accountants in business <u>which include: professional accountants employed or engaged in an executive or non-executive capacity in such areas as:</u> o <u>Commerce, industry, or service;</u>	In the draft restructured Code the order of extant Parts B and C have been reversed.

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<p>relationship creating the threats shall be avoided. Part B applies to professional accountants in public practice. Part C applies to professional accountants in business. Professional accountants in public practice may also find Part C relevant to their particular circumstances.</p> <p>Parts B and C describe how the conceptual framework applies in certain situations. They provide examples of safeguards that may be appropriate to address threats to compliance with the fundamental principles. They also describe situations where safeguards are not available to address the threats, and consequently, the circumstance or</p>	<p><u>o The public sector;</u></p> <p><u>o Education;</u></p> <p><u>o The not for profit sector;</u></p> <p><u>o Regulatory bodies or professional bodies; or</u></p> <p><u>o A professional accountant contracted by such entities.</u></p>	<p>New material is underlined.</p>
	<p>Professional accountants in public practice may also find Part B relevant to their particular circumstances.</p>	<p>From 100.3</p>
<p>relationship creating the threats shall be avoided. Part B applies to professional accountants in public practice. Part C applies to professional accountants in business. Professional accountants in public practice may also find Part C relevant to their particular circumstances.</p>	<ul style="list-style-type: none"> • Part C – Professional Accountants in Public Practice, is applicable to professional accountants in a firm that provides professional services and the firms in which they practice. Part C includes general requirements and also includes: 	<p>From 100.3</p>
	<ul style="list-style-type: none"> ○ C1 – <i>Independence for Audit and Review Engagements</i>, applicable to professional accountants in public practice who perform audits and reviews. ○ C2 – Independence in Relation to Other Assurance Engagements, applicable to professional accountants in public practice who provide assurance services other than audits or reviews. <p>Each part of the Code contains sections which introduce a new topic. Sections may have subsections which include material related to the section.</p>	<p>New Paragraphs</p>

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		<p>4. The content within each of the sections of the Code is, where appropriate, structured as follows</p> <ul style="list-style-type: none"> • Scope – sets out the subject matter addressed within the Section. • Introduction – introduces the requirements and application material in the context of the conceptual framework. • Requirements: <ul style="list-style-type: none"> ○ Emphasize the need to apply the conceptual framework in order to comply with the fundamental principles; or ○ Set out the application of the conceptual framework to the subject matter addressed, including any specific prohibitions that may arise. • Application material – provide guidance to assist in complying with the requirements. 	New Paragraph
How to Use this Code			
100.1		5 The Code applies to all professional accountants in the performance of professional activities. It requires compliance with the fundamental principles of professional ethics.	From 100.1 see above.
100.4	The use of the word “shall” in this Code imposes a requirement on the professional accountant or firm to comply with the specific provision in which “shall” has been used. Compliance is required unless an exception is	6 The use of the word “shall” in this Code imposes a requirement on the professional accountant or firm to comply with the specific provision in which “shall” has been used. Compliance is required unless an exception is permitted by this	

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	permitted by this Code.	Code. Compliance is required unless an exception is permitted by this Code. Requirements are designated with an “R”.	
		7. In addition to requirements, the Code contains introductory and application material, and a glossary, that provide context relevant to a proper understanding of the Code. In particular this material explains more precisely what a requirement means or is intended to cover and includes examples of relevant facts and circumstances. While such material does not of itself impose a requirement, it is relevant to the proper application of the requirements of the Code. The entire text of the Code, therefore, is relevant to understanding and proper application of the Code’s requirements. Application material is designated with an “A”.	New Paragraph
		8. Application material that contains the phrase “generally necessary,” “recommended” or encouraged indicates that the professional accountant should use professional judgment in considering when the application material is appropriate for implementation.	New paragraph
		9. A professional accountant may be faced with an ethical dilemma that presents a challenge to compliance with the fundamental principles. Material related to addressing such an ethical dilemma is included as Appendix 1.	New paragraph to refer to the proposed Appendix containing material from extant 100.19 to 100.24

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			"Ethical Conflict Resolution"
		10. Non-authoritative guidance is available to assist in understanding and applying the Code.	
Appendix 1 - Addressing Ethical Dilemmas			
100.19	A professional accountant may be required to resolve a conflict in complying with the fundamental principles.	1. An ethical dilemma presents a challenge to compliance with the fundamental principles. Taking appropriate measures to resolve the dilemma assists a professional accountant to address such a challenge so as to remain in compliance with the fundamental principles.	
100.20	<p><u>When initiating either a formal or informal conflict resolution process, the following factors, either individually or together with other factors, may be relevant to the resolution process:</u></p> <p>(a) <u>Relevant facts;</u></p> <p>(b) <u>Ethical issues involved;</u></p> <p>(c) <u>Fundamental principles related to the matter in question;</u></p> <p>(d) <u>Established internal procedures; and</u></p> <p>(e) <u>Alternative courses of action.</u></p> <p>Having considered the relevant factors, a professional accountant shall determine the appropriate course of action, weighing the consequences of each possible course of action. If the matter remains unresolved, the professional accountant may wish to consult with other appropriate</p>	<p>2. Appropriate measures to address and ethical dilemma might include:</p> <p>(a) Considering the consequences of each possible course of action;</p> <p>(b) Determining the appropriate course of action;</p>	See also Paragraph 3 of Appendix 1 below.

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	persons within the firm or employing organization for help in obtaining resolution.		
100.21	Where a matter involves a conflict with, or within, an organization, a professional accountant shall determine whether to consult with those charged with governance of the organization, such as the board of directors or the audit committee.	(c) If the matter involves a conflict with, or within, an organization, determining whether to consult with those charged with governance of the organization;	
100.24	If, after exhausting all relevant possibilities, the ethical conflict remains unresolved, a professional accountant shall, where possible, refuse to remain associated with the matter creating the conflict. The professional accountant shall determine whether, in the circumstances, it is appropriate to withdraw from the engagement team or specific assignment, or to resign altogether from the engagement, the firm or the employing organization.	(d) If, after exhausting all relevant possibilities, the ethical dilemma is unresolved: (i) Refusing to remain associated with the matter creating the dilemma where possible; and (ii) Determining whether in the circumstances it is appropriate to withdraw from the engagement team or specific assignment or resign from the engagement, the firm or the employing organization.	
100.20		3 The following factors, individually or with others, may be relevant to the resolution process: (a) Relevant facts. (b) Ethical issues involved including the fundamental principles. (c) Established internal procedures. (d) Consulting other appropriate people within the firm or employing organization.	From 100.20 See underlined text in the extant Code column.

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		(e) Alternative courses of action.	
100.22	It may be in the best interests of the professional accountant to document the substance of the issue, the details of any discussions held, and the decisions made concerning that issue.	4. It is usually in the best interests of the professional accountant to document the substance of the issue, the details of any discussions held, and the decisions made.	From 100.22 see in the extant Code column above.
100.11	When a professional accountant encounters unusual circumstances in which the application of a specific requirement of the Code would result in a disproportionate outcome or an outcome that may not be in the public interest, it is recommended that the professional accountant consult with a member body or the relevant regulator.	5. When a professional accountant encounters unusual circumstances in which the application of a specific requirement of the Code would result in a disproportionate outcome or an outcome that may not be in the public interest, it is recommended that the professional accountant consult with a member body or the relevant regulator.	From 100.11
100.23	If a significant conflict cannot be resolved, a professional accountant may consider obtaining professional advice from the relevant professional body or from legal advisors. The professional accountant generally can obtain guidance on ethical issues without breaching the fundamental principle of confidentiality if the matter is discussed with the relevant professional body on an anonymous basis or with a legal advisor under the protection of legal privilege. Instances in which the professional accountant may consider obtaining legal advice vary. For example, a professional accountant may have encountered a fraud, the reporting of which could breach the professional accountant's responsibility to respect confidentiality. The professional accountant may consider obtaining legal advice in that instance to determine whether there is a requirement to report.	6. If a significant dilemma cannot be resolved, advice from the professional body or from legal advisors is likely to be helpful. The professional accountant can generally obtain guidance on ethical issues without breaching the fundamental principle of confidentiality by discussing the matter: with the professional body on an anonymous basis; or with a legal advisor under the protection of legal privilege.	From 100.23
		7. Instances in which the professional accountant may consider obtaining legal advice vary. For example, a professional accountant may have encountered a fraud, the reporting of which could breach the professional accountant's responsibility to respect confidentiality. Obtaining legal advice in that instance will assist in determining whether there is a requirement to report.	From 100.23

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		Appendix 2	New material
		Chart illustrating the structure of the Parts of the Code	See next page

Appendix 2

