

Meeting: IESBA

Meeting Location: New York, USA

Meeting Date: June 19-21, 2017

Agenda Item 4

Safeguards Phase 2

Objectives of Agenda Item

1. To consider the significant issues raised by respondents to the January 2017 Exposure Draft, [*Proposed Revisions Pertaining to Safeguards in the Code—Phase 2 and Related Conforming Amendments*](#) (Safeguards ED-2) and related Task Force proposals.¹
2. To provide initial input on the Task Force's suggested revisions to proposed Section 600.²

Agenda Item 4-B is provided for reference and is to be read in conjunction with **Agenda Item 4-A** as it illustrates the revisions to proposed Section 600 that the Task Force has agreed to-date in response to the comments raised by respondents. The Task Force does not plan to do a “full read” of those revisions during the June 2017 IESBA meeting, but welcomes any editorials and detailed drafting suggestions via email at: dianejules@ethicsboard.org.

Task Force

3. Members:
 - Gary Hannaford, Chair, IESBA Member
 - Kim Gibson, IESBA Member
 - Ian McPhee, IESBA Member
 - Jens Poll, IESBA Technical Advisor
 - Sylvie Soulier, IESBA Member
- Observer:
- Don Thomson, Structure of the Code Task Force Chair and former IESBA Member

Activities Since Last IESBA Discussion

4. The Task Force has held one physical meeting and two teleconferences to develop the agenda materials for this meeting.

¹ The January 2017 Exposure Draft, [*Improving the Structure of the Code of Ethics for Professional Accountants—Phase 2*](#) (Structure ED-2) included certain paragraphs that were shaded to denote conforming amendments arising from the Safeguards project.

² Proposed restructured Code, Part 4A – International Independence Standards for Audits and Reviews, Section 600, *Provision of Non-assurance Services to an Audit Client*

Comments Pertaining to Phase 1 of Safeguards Project

5. In December 2016, the IESBA completed the first phase of its Safeguards project aimed at improving the clarity, appropriateness, and effectiveness of the safeguards in the Code. The IESBA summarized the rationale for its decisions made in a January 2017 [Basis for Agreement in Principle](#) document. As further discussed in **Agenda Item 4-A**, some respondents commented on Phase 1 of the project.

Coordination with the Structure Task Force

6. As part of its ongoing coordination efforts, the Structure Task Force continues to provide input to the agenda materials relating to the Safeguards project.
7. Some respondents commented on and provided suggestions about structural matters in response to Safeguards ED-2. Those comments and suggestions have been referred to, and will be addressed by, the Structure Task Force. The Structure and Safeguards Task Forces plan to present their joint recommendations in relation to overlapping issues to the IESBA in September 2017.

Timing and Forward Timeline

8. The January 2017 IESBA Update, [Toward a Restructured International Code of Ethics](#) set out the IESBA's plan for finalizing its work on the Safeguards project in conjunction with the Structure of the Code project.

Materials Presented

For Discussion

Agenda Item 4-A Summary of Significant Comments and Task Force Proposals

For Reference

Agenda Item 4-B Preliminary Revisions to Section 600, Provision of Non-assurance Services to an Audit Client [Mark-up from ED]

Agenda Item 4-C Revisions to Section 600, Provision of Non-assurance Services to an Audit Client [Clean]

Supplement 1 to Agenda Item 4-A Compilation of General Comments

Supplement 2 to Agenda Item 4-A Compilation of Specific Responses to Questions in Safeguards ED-2

Action Requested

9. The IESBA is asked to consider the matters in **Agenda Item 4-A**, and provide input to the Task Force.