

Supplement To Agenda Items 2-4

Due Process

Objective of Agenda Item

1. To advise the Board of the status of due process regarding the following proposed changes to the Code:
 - (a) Proposed revisions to clarify the applicability of provisions in Part C of the extant Code to professional accountants in public practice (“Applicability Changes”);
 - (b) Proposed application material relating to (i) professional skepticism – linkage with the fundamental principles; and (ii) professional judgment – emphasis on understanding facts and circumstances (“Professional Skepticism/Professional Judgment”);
 - (c) Proposed revisions pertaining to safeguards in the Code – Phases 1 and 2 (“Safeguards”); and
 - (d) Changes to improve the structure of the Code of Ethics for Professional Accountants – Phase 1 and 2 (“Structure”).

Background

2. The Technical Director is responsible for advising the Board as to whether due process has been followed effectively and with proper regard for the public interest before final changes to the Code are approved for issuance.
3. The following outlines the Technical Director's conclusion and basis for such conclusion with respect to actions up to the December 2017 IESBA meeting for the above changes to the Code. Before final approval of the changes, the Technical Director will advise on whether due process has been followed during the course of the December 2017 meeting.

Due Process Up to the December 2017 IESBA Meeting

4. The Technical Director confirms to the Board that, up to the December 2017 IESBA meeting, the changes to the Code arising each of the Applicability, Professional Skepticism (Short Term), Safeguards and Structure projects have been developed in accordance with the Board's due process.
5. In summary, for the proposed changes arising from each project, the Board:
 - Approved the relevant project proposal for commencement of work on the proposed changes to the Code.
 - In the case of the Structure project, considered it appropriate to issue a consultation paper to solicit stakeholder views on potential improvements to the structure of the Code;
 - Consulted with the IESBA CAG on:
 - The proposal to start the project; and
 - The significant issues relating to the development of the proposed changes.

Significant comments received through the consultation with the IESBA CAG have been brought to the Board's attention, and the project Task Force has reported back to the IESBA CAG the results of the Board's deliberations.

Due Process
IESBA Meeting (December 2017)

- Approved and issued an exposure draft (or exposure drafts) of the proposed changes to the Code for public comment, together with an explanatory memorandum (or memoranda) highlighting, among other matters, the Board's significant proposals.
- Considered analyses of the significant issues raised by respondents on the exposure draft(s), including outlines of their proposed disposition and, as appropriate, the reasons significant changes recommended by respondents have, or have not, been accepted.
- Having familiarized itself with the issues raised in comment letters on the exposure draft(s):
 - Deliberated significant matters raised in the comment letters; and
 - Amended the proposed changes to the Code accordingly.
- Consulted with the IESBA CAG on significant issues raised in comment letters on the exposure draft(s) and the Board's related responses. Significant comments received through the consultation with the IESBA CAG have been brought to the Board's attention.