

# INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS FACT SHEET

*The International Ethics Standards Board for Accountants<sup>®</sup> (IESBA<sup>®</sup>) develops ethics standards and guidance for use by professional accountants.*

## International Ethics Standards Board for Accountants Pronouncements

- The IESBA *Code of Ethics for Professional Accountants* establishes principles of ethics for almost 3 million professional accountants represented by IFAC.
- Interpretations to the IESBA *Code of Ethics for Professional Accountants* assist in the application of the IESBA Code. The interpretations are authoritative.

## Objective

The IESBA develops and issues in the public interest high-quality ethics standards and other pronouncements for professional accountants for use around the world. The IESBA *Code of Ethics for Professional Accountants* applies to all professional accountants, whether in public practice or in business (including education, the public sector, and the not-for-profit sector). The IESBA Code serves as the foundation for codes of ethics developed and enforced by members of the International Federation of Accountants<sup>®</sup> (IFAC<sup>®</sup>). No member organization of IFAC or firm of professional accountants in public practice is allowed to apply less stringent standards than those stated in the IESBA Code.

## Due Process

A rigorous due process followed by the IESBA is critical to ensure that the views of those affected by its standards and interpretations are thoroughly considered. The process outlined below is applicable to the development of all IESBA pronouncements.

- Research and consultation—A project task force is ordinarily established with the responsibility to develop a draft standard or interpretation. The task force develops its positions based on appropriate research and consultation.
- Transparent debate—A proposed standard or interpretation is presented as an agenda paper for discussion and debate at an IESBA meeting, which is open to the public.
- Exposure for public comment—Exposure Drafts (EDs) are placed on the IESBA website and are widely distributed for public comment. The exposure period is ordinarily no shorter than 90 days.
- Consideration of comments received on exposure—The comments and suggestions received as a result of exposure are considered at an IESBA meeting and the ED is revised as appropriate. If the changes made after exposure are viewed by the IESBA to be so substantive as to require re-exposure, the document is reissued for further comment.
- Affirmative approval—Approval of EDs, standards, and interpretations is made by the affirmative vote of at least 12 IESBA members in person or by telephone.

## Public Interest Oversight

The Public Interest Oversight Board (PIOB) oversees the IESBA's activities. The PIOB's objective is to increase public confidence that such activities, including standard setting, are properly responsive to the public interest. PIOB members are nominated by international institutions and regulatory bodies.

## Fundamental Principles

The IESBA Code requires accountants to adhere to five fundamental principles:

- Integrity—A professional accountant should be straightforward and honest in all professional and business relationships.
- Objectivity—A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- Professional Competence and Due Care—A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments. A professional accountant should act diligently and in accordance with applicable technical and professional standards when providing professional services.

- Confidentiality—A professional accountant should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the professional accountant or third parties.
- Professional Behavior—A professional accountant should comply with relevant laws and regulations and should avoid any conduct that discredits the profession.

### **Role of the IESBA CAG**

The IESBA Consultative Advisory Group (CAG) is comprised of representatives of regulators and business and international organizations who are interested in the development of high-quality international ethics standards. Through active consultation, the IESBA receives valuable public interest input on its agenda, project timetable, priorities, and technical issues.

### **IESBA Members**

The IESBA consists of an independent chairman and 17 volunteer members from around the world comprising practitioners in public practice, public members, and other non-practitioners. Members are appointed by the IFAC Board based on recommendations from the IFAC Nominating Committee and are approved by the PIOB. A complete list of IESBA members, along with their biographies, is available on the IESBA website.

### **About IFAC**

The structures and processes that support the operations of the IESBA are facilitated by IFAC. IFAC is the global organization for the accountancy profession, dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. It is comprised of more than 175 members and associates in more than 130 countries and jurisdictions, representing almost 3 million accountants in public practice, education, government service, industry, and commerce.

### **Contact Information**

For more information about the IESBA and its current projects, visit [www.ethicsboard.org](http://www.ethicsboard.org) or contact IESBA Technical Director Ken Siong at [kensiong@ethicsboard.org](mailto:kensiong@ethicsboard.org); +1 (212) 286-9765.