

**IESBA Strategy and Work Plan, 2010–2012
Exposure Draft Comments**

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
Section I: General Comments				
1.	General	The exposure draft notes the importance of continuing convergence of ethical standards globally and communication with national standard setters and regulators among others. We suggest that these should, in fact, be the areas of greatest focus during a period when significant changes to the Code itself should be questioned and subjected to rigorous impact analysis.	ACCA	
2.	General	We believe the IESBA’s Proposed Plan for the period 2010 through 2012 is consistent with the IESBA’s objectives as set forth in its Terms of Reference. Seeking input from member bodies and other interested parties on strategic direction and prior to commencing proposed projects can facilitate convergence of international ethical standards. For example, providing advance notice to member bodies regarding the specific projects the IESBA is considering undertaking enables member bodies to work on similar projects concurrently with the IESBA and provide input to, and receive input from, the IESBA during the standard-setting process. This increases the likelihood that consistent standards can be adopted.	AICPA	
3.	General	We are generally supportive of the proposals contained in the IESBA Exposure Draft <i>Strategy and Work Plan, 2010-2012</i> . In particular we are supportive of the IESBA’s desire to achieve greater alignment between the activities of the IESBA and IFAC member bodies.	APESB	
4.	General	BDO is generally supportive of the work plans of the IEASB and its strategy for the period 2010 – 2012. We believe that high quality ethical standards, consistently adopted on an	BDO	

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		<p>international basis, are a critical precursor to delivering high quality audits. Although the primary purpose of the IESBA in that of standard setting, it is our view that the Board has a particularly pivotal role to play regarding implementation and it is in this role that the Board might best serve the public interest over the next few years. We believe that the Board should stay close to member bodies and enable adoption by way of support and additional material, if required. As such, we are particularly encouraged to see the plans of the IEASB to provide additional assistance in the form of materials and activities supporting those adopting and implementing the Code of Ethics for Professional Accountants.</p>		
5.	General	<p>The Canadian Institute of Chartered Accountants welcomes this opportunity to comment on the March 2010 Exposure Draft containing the proposed strategy and work plan for the International Ethics Standards Board for Accountants (IESBA) for 2010 to 2012. We would like to express our appreciation for the consultative approach that the IESBA has taken in developing its strategy and work plan.</p> <p>We support the overall direction that has been proposed by the IESBA, subject to some suggestions for consideration that are outlined below in our responses to the questions set out in the Exposure Draft.</p>	CICA	
6.	General	<p>CGA-Canada is particularly supportive of the IESBA's proposals to consider the development of additional materials that would assist in the adoption and implementation of the revised Code issued in July 2009. These initiatives are critical to the increased adoption and implementation efforts of member bodies, particularly those with limited resources, or in the case of developing nations. Not only does the supply of such resource materials enhance the comprehension of the Code provisions themselves, it also serves to provide consistency in application across jurisdictions given the common source of the information. This can naturally serve to further enhance global convergence.</p>	CGA	
7.	General	<p>We are a strong proponent of adoption of a global set of robust independence standards by member bodies of IFAC and other standard-setters, which we believe will best serve the public interest. We are also of the view that the</p>	DTT	

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		<p>independence standards contained in the recently revised <i>Code of Ethics for Professional Accountants</i> (“Code”) represent robust and credible standards. Consequently, we support the Chair’s “Vision” as stated in the ED and the Board’s activities that are directed toward achieving adoption and implementation of the Code.</p>		
8.	General	<p>The Ethics Policy Group supports the plan and has no further specific comments to offer.</p>	FARS	
9.	General	<p>FSR is fully supportive of the FEE Comment Letter.</p> <p>Furthermore, we like to stress that focusing on development of practical guidance and incorporating of ethical principles and ethical requirements in the general education and in the continuing professional education of auditors is very important.</p> <p>Finally we agree that a project on “conflicts of interest” seems to be important in respect of defining and developing further guidance on this issue. This is also important since state authorized public accountants these years are involved in many different and wider aspects of accounting, tax consulting and business reporting.</p>	FSR	
10.	General	<p>Our organization represents 45 professional organizations, some of which operate in countries engaged in significant efforts to comply with IFAC’s recommendations (Statements of Membership Obligations/SMOs). Since it lies at the heart of our day-to-day activities, the question of ethics gives rise to a number of important practical concerns reflected in the following issues:</p>	FIDEL	
11.	General	<p>We support the proposed Strategy and Work Plan for the 2010 – 2012 (Work Plan) period and agree that this plan will continue to assist the IESBA with its mission to serve the public interest by setting high quality ethical standards for the accounting profession and facilitating the convergence of international and national ethical standards.</p>	GTI	

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12.	General	Overall we support the proposed Strategy and Work Plan, 2010-2012. We are pleased to note that the IESBA will be allocating resources to the adoption and implementation of the Code.	HKCIPA	
13.	General	<p>Our Institute supports the objective of the IESBA to set high quality ethical standards for professional accountants and facilitate the convergence of international and national ethical standards.</p> <p>We are of the opinion that the Code of Ethics should not impede SMEs getting access to high quality services offered by their auditors.</p>	ICPAI	
14.	General	We believe that the Exposure Draft (ED) issued by the IESBA of the International Federation of Accountants (IFAC) proposes a robust strategy and work plan for 2010 – 2012 that outlines how the IESBA intends to achieve its objective to serve the public interest by setting high quality ethical standards for professional accountants and by facilitating the convergence of international and national ethical standards, including independence requirements, through the development of a robust, internationally appropriate code of ethics. This serves to strengthen the accountants’ understanding of the issues involved, thus promoting and enhancing consistency of services provided by professional accountants throughout the world and strengthening public confidence in the global accounting profession.	ICPAS	
15.	General	<p>We commend the IESBA for its continued efforts to develop a robust Code of Ethics that increases protection of the public interest. The IIA supports the IESBA’s intent to further strengthen the Code during 2010 - 2012 by providing additional ethical guidance for accountants when dealing with <i>Conflicts of Interest</i> and <i>Responding to Fraud and Illegal Acts</i>.</p> <p>The IESBA proposed strategy also identifies two projects for consideration beyond 2012 which are of interest to The IIA: (1) <i>Independence Requirements for Professional Accountants who are not in Public Practice who Perform Assurance Engagements</i> and (2) <i>Ethical Guidance for Professional Accountants in Public Practice Providing Non-Assurance Services</i>.</p>	IIA	

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		<p>As the global voice and recognized authority of the internal audit profession, The IIA maintains the International Professional Practices Framework (IPPF) and represents more than 170,000 members in 165 countries. The IPPF includes <i>The International Standards for the Professional Practice of Internal Auditing (Standards)</i>, the Code of Ethics, practice advisories, position papers, practice guides and the definition of internal auditing.</p> <p>As a result, The IIA has an interest in these projects. In regard to project (1), the <i>Standards</i> address independence requirements for internal auditors. In regard to project (2), internal audit activities sometimes obtain external service providers to support or complement the internal audit activity. (Practice Advisory 1210.A1-1) As these projects become a part of the IESBA work plan, The IIA desires to actively participate in related task forces, ensuring that any guidance developed by the IESBA aligns with the IPPF.</p>		
16.	General	<p>We welcome the Board’s dual strategy to focus both on the development of standards and on providing materials to support implementation of the standards. Consistent application of a set of standards intended for global use is an important part of achieving the potential benefits of such standards, and training and other support materials for implementation can help achieve greater consistency.</p>	IOSCO	
17.	General	<p>We agree with the substance of the Exposure draft, and the underlying rationale as presented by the IESBA (the “Board” or “IESBA”).</p> <p>In our view, the Board’s overall strategy and its working plan, properly reflect some of the most important priorities at this time, in order to further strengthen the Code of Ethics for Professional Accountants (the “Code”). While there are other areas that deserve consideration and study, we believe that, in substance, the Board’s selection strikes the right balance, given the current state of the profession, recent developments, and the Board’s available resources.</p> <p>However, we are encouraged by the fact that the Board has clearly recognized that the Plan may be amended due to future events and circumstances, “...and will be kept under constant review.” Given the effects of the financial crisis, and certain recent developments, we believe that the Board may have to deal with</p>	JICPA	

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		<p>such an eventuality. It is very important that the Board is seen by the public to react to such possible events in an effective manner, as it is the “spokesman” in the ethics area for the world-wide profession through its standard setting activities.</p> <p>In addition, the IESBA plays an increasingly significant role in the world. Therefore, it would be appreciated if the Board would have an adequate public consultation period (for example, three months as in the case of this Plan) for each exposure draft of the projects, in order to enable non-native English jurisdictions to review it carefully.</p>		
18.	General	We appreciate the opportunity to comment on the above Exposure Draft issued by the International Ethics Standards Board for Accountants (IESBA).	KICPA	
19.	General	Overall, the Professional Standards Board (PSB) of NZICA is supportive of the International Ethics Standards Board for Accountants (IESBA) Strategy and Work Plan. In particular, the PSB is supportive of initiatives to promote the adoption, implementation and convergence of the Code, and specifically supports the IESBA seeking input on the types of improvements to the Code that standard setters and regulators believe should be made for the Code to gain acceptance and recognition in their jurisdictions.	NZICA	
20.	General	<p>The International Federation of Accountants (IFAC) Small and Medium Practices (SMP) Committee welcomes the opportunity to comment on the exposure draft (ED) of the proposed IESBA <i>Strategy and Work Plan, 2010-2012</i> issued on March 29, 2010.</p> <p>Our committee is wholly supportive of the stated objective of the IESBA to set high quality ethical standards for professional accountants and facilitate the convergence of international and national ethical standards. Over the past few years the IESBA has made significant strides towards this objective. In writing this letter we hope to help the IESBA achieve this objective.</p> <p>This submission is organized into four parts. First, the basis for this submission is described. Second, we present our general comments on the ED including the</p>	SMPC	

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		<p>principles underlying the detailed points. Finally, we set out our responses to the questions posed on page 4 of the Explanatory Memorandum to the ED.</p> <p>The views expressed in this letter represent the general views of the SMP Committee. Our committee boasts substantial experience of accounting and audit, especially of SMEs. Its members are drawn from 18 IFAC member bodies from some 17 countries from all regions of the world. Compiling a single response that wholly satisfies all of our members is impracticable, owing to their diversity. Not surprisingly, the views expressed by members varied, often reflecting a particular national stance. Therefore, when formulating its views the committees have sought to take a global, public interest position. This perspective may not always be consistent with individual national laws, regulations and interests.</p>		
Period of Stability				
21.		<p>ACCA welcomes the plan for a period of stability during which no new independence requirements will be ‘developed and take effect’. This plan is referred to again in the next section of this response document.</p> <p>ACCA welcomes the plan for a period of stability during which no new independence requirements will be ‘developed and take effect’. In fact, we would go further and suggest that the IESBA should not initiate any developments in this area, regardless of when they might take effect, unless there is an urgent need to respond to unforeseen circumstances. Any other changes in relation to the Code should take the form of additional explanations and examples, as necessary, rather than the amendment of existing sections of the Code or new prescriptive requirements.</p>	ACCA	
22.		<p>The plan of the IEASB to provide a period of stability for the next two years during which no new independence requirements become effective is also welcome. Having such a period of stability will encourage many of the member bodies to adopt the standards, rather than constantly deferring until the next iteration.</p>	BDO	

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23.		<p>FEE supports that the Proposed Plan suggests under Strategy - Adoption and Implementation a period of stability (of at least two years) during which no new independence requirements will be developed and will take effect in order to allow member bodies and firms an appropriate period of time to implement the revisions. We understand this pause in independence standard setting to be both in revising independence standards (including requirements and guidance) and issuing new sections in the independence standards.</p> <p>However, as consideration is usually given to the adoption and implementation of the completely Revised IESBA Code of Ethics for Professional Accountants of July 2009, it appears that a pause in <i>ethics</i> standard setting would be equally appropriate.</p> <p>It should also be noted that the European Commission Decision of 29 July 2008 concerning a transitional period for audit activities of certain third country auditors and audit entities will expire on 31 July 2010. Although the European Commission January 2007 Consultation on implementation of Articles 45 – 47 of the Statutory Auditing Directive on “Cooperation with Non-EU jurisdictions on Auditor Oversight” considered using the independence requirements of the (then applicable) IFAC Code of Ethics as a benchmark for equivalence decisions under Article 45, provided that the revised Code is equivalent to the requirements of the Statutory Audit Directive, this proposal did not make it to the published Commission Decision of July 2008.</p> <p>In order for the independence requirements of the Revised IESBA Code of Ethics for Professional Accountants of July 2009 to stand any chance to be reconsidered as a benchmark for equivalence decisions in a new European Commission Decision on a transitional period for audit activities of certain third country auditors and audit entities, such a stable platform of a set of up-to-date independence standards would also be beneficial. Additional communication between IESBA and the European Commission would obviously also be needed to convince the European Commission to go this way.</p> <p>In general, any implementation of standards needs a time of calm in order to create the necessary confidence to be successful. FEE is therefore of the opinion that further relentless amendments to the IESBA Code of Ethics cannot be justified. This applies also to the collective investment vehicles projects</p>	FEE	

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		commented on in further detail below.		
24.		<p>Especially, we like to stress that a pause in ethics standard setting would be very appropriate and appreciated. The series of changes in the Code of Ethics the last couple of years have been a considerable challenge for the audit profession as well as for the stakeholders, public authorities etc. who need to be kept informed of the latest professional requirements for statutory auditors.</p> <p>A time of calm in order to ensure the confidence with and awareness of the ethical requirements is necessary.</p>	FSR	
25.		We concur with the IESBA's current adoption and implementation guidance strategy which will allow member bodies and firms an appropriate period of time to implement the revisions to the Code, and the IESBA's plans to provide a period of stability during which no new significant independence requirements will be developed.	GTI	
26.		We agree that standard setting should remain a primary role of the Board. This notwithstanding, we strongly support the proposal outlined at the bottom of page 10 for a period of at least two years during which no new independence requirements are to be developed and take effect. Indeed we note that we had called for a stable platform in our letter dated August 31, 2007 responding to proposals relating to the IESBA's previous work plan. Such a moratorium will not impede the Board in continuing its work on relevant projects in the meantime, but will allow a reasonable period of time for the implementation of the recent revisions to the Code.	IDW	
27.		<p>IBR-IRE refers to the comment letter of May 21", 2010 issued by FEE's President, Mr. Hans VAN DAMME. We would hereby like to emphasize that we fully support the position of FEE relating to the need for a pause both in ethics and in independence standards setting.</p> <p>It goes without saying that the pause of at least two years does not prevent the IESBA from carrying out its planned activities by providing amongst others guidance on conflicts of interests and on responding to fraud and illegal acts.</p>	IBR-IRE	

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		Such a pause is crucial to facilitate convergence because IFAC Member Bodies need time to convince national standard setters and regulators that the professional accountants need to comply with the provisions set out in the revised IESBA Code of Ethics for Professional Accountants of July 2009.		
28.		<p>As stated in our answer to previous consultations of IESBA, the ICJCE is of the opinion that a stable period without changes to the International Code of Ethics is needed in order to properly implement the Code in force.</p> <p>Specifically, this fact is of utmost importance for the ICJCE where there is a plan to adopt the Code once the Transposition of the Eighth Company Law Directive (on statutory audit) be finalised.</p> <p>We are pleased to see that IESBA is planning to provide two years of stability regarding independence requirements starting from the effective date of the Code and we would welcome this measure</p>	ICJCE	
29.		We would like to stress the need for a pause in ethics and independence standards setting following the adoption and implementation of the Revised IESBA Code of Ethics for Professional Accountants of July 2009.	Mazars	
30.		WPK appreciates and supports the IESBA Strategy and Work Plan, 2010 – 2012, as exposed in March 2010. We especially welcome the statement on page 10 of the Exposure Draft that the IESBA plans to provide a period of stability during which no new independence requirements will be developed and take effect. We agree that a period of <u>at least</u> two years after the effective date of the revised Code should be provided, during which no new independence requirements will become effective. In our view, this pause in independence standard setting should be twofold: in revising independence standards and in inserting new sections within the independence standard.	WpK	
Principles Based Approach				
31.		We note that the recent changes to the Code relating to independence and section 290 led to a development of independence standards which are not completely in	WpK	

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		line with the overall conceptual framework of the Code as being principles based. We therefore strongly recommend refraining from further projects that might further promote the development of the Code into rules based standards.		
32.		The IESBA should not lose focus on the principles-based approach, although there may, at any time, be a need to update interpretation of the principles or the examples provided by the Code of Ethics for Professional Accountants ('the Code').	ACCA	
33.		<p>FEE is committed to the principles-based approach as being the most robust one because, inter alia, by focusing on the underlying aim rather than on detailed restrictions and prohibitions, the principles-based approach combines flexibility with rigour in a way that is unattainable with a rules-based approach. This has been recognised in Europe by the European Commission Recommendation on Independence, which follows this approach, and the 2006 Statutory Audit Directive (2006/43/EC), which specifically endorses this approach in Article 22. We accept that a Code containing nothing but a general discussion of principles, threats and safeguards is unlikely to completely meet the needs of the modern, complex profession and that some requirements or rules as well as some guidance or examples of how these should be applied are necessary.</p> <p>We however believe that there is a risk that requirements and guidance move too close to a rules-based approach which can encourage a tick-box compliance with the form of the requirement rather than the spirit.</p>	FEE	
34.		<p>1. Placing emphasis on principles in order to facilitate the production of documents which will be used as legislative reference works (to be made available in more summarized formats). The approach we advocate involves:</p> <ul style="list-style-type: none"> • Ensuring that the drafting of fundamental documents and training activities are focused on clearly stated core principles. • Developing illustrative examples, as part of an educational approach, aimed at helping accounting professionals to understand and determine which positions should be adopted under various circumstances. This approach can also be used to provide more detailed examples based on cultural characteristics specific to various regions. 	FIDEL	

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35.		<p>2. Designing and distributing communication and training tools to raise awareness of key issues, not only within national borders but also among accounting professionals. The approach we would like to develop involves:</p> <ul style="list-style-type: none"> • Providing tools designed to facilitate external communications (targeting governments, businesses, etc.) based on support mechanisms developed using concepts comprehensible to non-professionals. • Ensuring that our members are trained using high-quality tools that are of relevance to professionals in public practice, students and individuals working on a collaborative basis with accounting firms. <p>3. Taking into account the realities of individuals working in small firms since they form the bulk of our membership. We are well aware of the importance of considering the professional markets concerned; adaptations must be made for their practitioner models and the day-to-day issues they face. All stakeholders are very concerned with upholding high ethical standards; this process could be facilitated if the texts in question reflected their concerns.</p> <p>4. Adhering to realistic timelines with respect to the distribution of reference materials, their use in each country and their proper integration by accounting professionals. The lack of resources that characterizes many of our member organizations hinders the execution of the communication and training components: time and tools will thus be key success factors for the “ethics project”.</p>	FIDEL	
Section II: Question 1: Are the IESBA’s priorities for the years 2010–2012 appropriate? If not, why not and how should the priorities be amended?				
General Comments				
36.	Q1	<p>As stated on page 1 of this response, ACCA believes that the continuing convergence of ethical standards globally, and effective communication with national standard setters and regulators should be the areas of greatest focus during the three years covered by the work plan.</p> <p>While not developing new independence requirements, we suggest that there is a need for further discussion of independence and the provision of non-audit services. The considerations in this respect will be very different between firms</p>	ACCA	

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		of different sizes.		
37.	Q1	Yes. We believe the proposed priorities are appropriate.	AICPA	
38.	Q1	<p>A key consideration for the IESBA is the extent to which it considers its remit to develop professional standards. We note that the Exposure Draft appears unclear in this regard compared with the IESBA’s mission statement. On the one hand the IESBA’s mission as set out in it’s constitution is “to serve the public interest, ... by establishing and promoting adherence to high quality professional standards ...” (emphasis added). On the other hand the Exposure Draft comments that the IESBA “develops ethical standards and guidance for use by all professional accountants ...” (emphasis added). The discussion in the exposure draft in respect of development of standards seems to imply that future developments will tend to focus on improvements to the Code only.</p> <p>If the IESBA remit is beyond the development of ethical standards as represented by the Code, we believe that in the first instance consideration should be given to the development of a conceptual framework for the development of ethical and associated professional standards. The Code of Ethics should be viewed to be an integral component of such a framework. However, there is likely to be scope for the IESBA to also develop a broader range of professional standards in addition to the Code. The development of a framework for professional and ethical standards is consistent with the approaches taken by other international standard-setters such as the International Accounting Standards Board and IFAC’s IAASB.</p> <p>In the Australian context, we have developed a framework that depicts the elements, attributes and activities that underpin the development, review and application of our pronouncements as depicted below:</p> <p style="text-align: center;">INSERT DIAGRAM</p> <p>Source: APESB <i>Due Process and Working Procedures</i> (May 2010), Figure 1, p2.</p> <p>In terms of the development of professional standards, the IESBA could develop</p>	APESB	

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		a research paper as a starting point by considering professional standards that have already been developed by national standard-setters.		
39.	Q1	I believe the outlined priorities are appropriate and timely. In particular, the Board's written materials are a good first step toward furthering the understanding, adoption, and implementation of the Code over the next few years.	Audit Conduct	
40.	Q1	Yes we agree that the IESBA priorities as detailed within the Strategy and Work Plan 2010 – 2012 are appropriate. We welcome your comment that the strategy for 2010-2012 is to continue to advance the protections afforded by the Code, further its adoption and implementation, and facilitate convergence of international and national ethical standards.	CARB	
41.	Q1	Yes. We are content that the wider strategic aim which underpins the work plan continues to focus on convergence (supported by appropriate communications initiatives) and on advancing the protections offered by the IESBA Code (the Code).	CCAB	
42.	Q1	CGA-Canada agrees that the IESBA's priorities for the years 2010-2012 are appropriate.	CGA	
43.	Q1	Appropriate	RM	
44.	Q1	FEE is generally supportive of the projects [Conflicts of Interest and Fraud and Illegal Acts] to provide additional <i>guidance</i> for professional accountants when dealing with conflicts of interest and responding to fraud and illegal acts. We would like to emphasise that we believe that the requirements in respect of these subject matters as currently included in the IESBA Code of Ethics for Professional Accountants appear acceptable and complete to us and that therefore, we are supportive of <i>adding (practical) guidance</i> for professional accountants when dealing with conflicts of interest and responding to fraud and illegal acts but <i>not additional requirements</i> .	FEE	

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45.	Q1	We support the priorities as outlined in the work plan, subject to our comments in response to question 3 below.	DTT	
46.		We support strongly the Board’s ambition (a) to promote adoption and implementation of the revised Code of Ethics issued in July 2009 and specifically as it relates to auditor independence, and (b) to facilitate convergence of international and national ethical standards towards the robust Standards of the revised Code.	PwC	
47.		In our view, the priorities for the years 2010–2012 are appropriate.	JICPA	
48.		We are of the view that the priorities included in the ED are appropriate.	ICPAS	
49.		<p>Yes, the PSB supports the priorities outlined as appropriate:</p> <ul style="list-style-type: none"> • Development of standards; • Adoption and implementation of the Code; • Convergence; and • Communications. 	NZICA	
50.		We agree with the IESBA’s priorities, except the intention of the Board to start a new project “Independence – Application of the Related Entity Concept in Audits of Collective Investment Vehicles” (please see 2.3 above for details).	WPK	
51.		As a global network and a full member of the IFAC Forum of Firms, RSM International Limited believes that high quality ethical standards for professional accountants are essential to all international organisations in order to deliver high quality client service. We are supportive of the proposed Strategy and Work plan and generally consider it to be appropriately focused and fully considered. In particular, we agree with the IESBA’s plan to not issue new standards in the next two years to give a period of stability for adoption and implementation of the 2009 Code of Ethics. We are also in favour of your plan to work with national standard setters and regulators to foster convergence around a single set of independence standards.	RSM	

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52.		We feel the IESBA priorities for the years 2010-2012 are appropriate.	SAICA	
Convergence				
53.		<p>We are especially supportive of the IESBA’s plan to maintain regular contact with key stakeholders, including national standard setters and regulators to further their objective of convergence. We agree with the IESBA that open and transparent sharing of information with its stakeholders and careful consideration of their feedback are critical to gaining further acceptance and adoption of the Code.</p> <p>We support the IESBA’s plans to continue to promote convergence of international and national ethical standards by working with national standard setters and regulators in order to indentify and understand their perspectives on how to achieve this goal. Grant Thornton believes with the expansion of global business opportunities and an increase in cross-border assignments, convergence of the independence and ethical standards will help promote efficiency in global markets and satisfy the needs of an increasing international business environment. However, in order to achieve the goal of convergence of international and national ethical standards, standard setters and regulators should consider local legal impediments that hinder global convergence efforts; as opposing legal and regulatory environments from country to country will continue to pose challenges to convergence of international and national ethical standards.</p> <p>Furthermore, professional accountants should aspire to have a code of ethics that promotes greater consistency which will lead to increased public confidence in the accounting profession. The current initiatives of the IESBA will continue to promote IFAC’s objective to “further enhance the quality of the profession and ensure greater consistency worldwide”. We believe the IFAC Member Body Compliance Program continues to provide a fundamental means for supporting members and associates in enhancing the quality of practice by accountants worldwide and achieving convergence to international standards. As a member of the Forum of Firms, Grant Thornton’s policies will continue to conform to the Code, further promoting convergence within our network.</p>	GTI	
54.		FEE is generally supportive of the work planned to be performed by the IESBA	FEE	

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		<p>in relation to convergence. In this respect, reference is made to our comments on communication with the European Commission in Section 1.1 of this letter. We believe that especially legislators and regulators are to be approached as they have become the primary standard setters for ethics and independence.</p>		
55.		<p>In regard to the discussion of Convergence on pages 11 and 12 of the ED, we are pleased to see recognition of the reality that adoption of the Code and convergence of independence requirements are two separate subjects and work streams that may intersect, but are not the same. We support the strategy to seek input on the types of improvements to the Code that standard setters and regulators believe should be made to increase its acceptance on a global basis over time. In regard to the issue of group audits and potential use of the Code as a cross-border standard for establishing independence of foreign auditors, many of our members believe that further improvements in the Code must precede such considerations.</p> <p>As IOSCO SC 1 wrote to the IESBA in 2007, we would like to see more emphasis placed upon the matter of the IESBA providing leadership in working for progress toward global convergence in auditor independence and ethics standards in the Work Plan. We acknowledged that such work would be very challenging, but encouraged the IESBA to undertake projects in partnership with national standard setters and/or those with the local responsibility for audit oversight and regulation. We suggested that the Board could utilize the results of the IOSCO Survey on Non-Audit Services as a starting point to identify topics for which seeking progress toward convergence may be the most immediately practicable, and work with national standards setters to examine the nature of present practice differences and also consider effects on auditor behaviour and audit quality and investor perceptions. We noted that such work could facilitate informed dialogues with regulators. We continue to believe that it would be worthwhile for the Board to devote some portion of its efforts to carry out additional work in this subject area.</p>	IOSCO	
56.		<p>As an organisation having to deal on a day to day basis with transnational audits, we find ourselves in situations where the national independence standards in the jurisdiction of the parent auditor contain requirements that may be more stringent than those contained in the Code. The fact that the parent auditor would accept</p>	Mazars	

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		<p>foreign auditors of foreign subsidiaries complying with the independence requirements in the Code would help our day to day work and would avoid inadvertent violation. Some of our network firms are SMPs and it is difficult for them to have the knowledge of the ethical rules of 56 countries.</p> <p>From this perspective, it is our view that legislators and regulators should be approached especially, as they have are the primary standard setters for ethics and independence. In this context specific points for consideration that we believe should be addressed are the incidence of extra-territorial laws: US (for SEC registrants) and French Codes of Ethics are more restrictive.</p> <p>Finally, we are supportive of the objectives described in the work plan concerning the issue of convergence. We strongly believe that given the critical importance of the issue, the IESBA Board should liaise not only with regulators and standard setters, but also when necessary with global or regional bodies. For instance, the EU is a stakeholder to the standard setting via the statutory audit directive and the EU recommendation dealing with auditors' independence and the OECD via its November 2009 Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions.</p>		
57.		<p>We recognise that in the short to medium term the proposal to focus certain efforts on promoting the Code as the appropriate Standard for assessing independence of auditors of foreign subsidiaries, outside the home territory, is a sensible and important priority.</p> <p>We believe that convergence efforts should be a longer term, secondary, priority of the Board and could be given a greater emphasis or weighting than is evident in the plan. The plan seems to lack any specificity in terms of what substantive actions the Board plans to take. Whilst this is clearly an 'on-going' activity we encourage the Board to develop more detailed plans. This will evidently involve discussions with key regulators, to include promotion of the Code's robust provisions, at the same time as gaining an understanding of barriers to convergence.</p>	PwC	
58.		<p>We agree with the Board that Convergence of the Code, and especially of the independence standards, is of very high priority.</p>	WpK	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>The requirements of Section 290 of the Code of Ethics provide (minimal) independence requirements, which ensure with reasonable assurance that audit opinions and review assurances are adequately reliable. Therefore we support the Board's idea that in a group audit situation, where the national independence standards in the jurisdiction of the parent auditor contain requirements that are more stringent than those contained in the Code, the parent auditor could accept foreign auditors of foreign subsidiaries complying with the independence requirements in the Code. Therefore we recommend further pursuing this idea.</p>		
59.		<p>The ICJCE supports the work programme to be performed by IESBA regarding Convergence. It is especially important from our point of view the continuous dialogue with the European Commission in order to the International Code of Ethics be recognized as benchmark for independence requirements for all European and third country auditors.</p>	IJCE	
60.		<p>Reference should be made to our comments above under 1.1. In addition, as pointed out by FEE, it is important for the IESBA to liaise with the European Commission in this respect</p>	IBR-IRE	
61.		<p>We agree with and support the IESBA's priorities for the years 2010-2012. We would, however, like to make some comments in relation to the topic of "Convergence", as follows:</p> <p>We think it would be beneficial to set specific, measurable targets for activities in relation to Convergence and to provide regular progress updates against these targets.</p> <p>We note that Point 4 of Statement of Membership Obligations (SMO) 4 specifies that "Member bodies should not apply less stringent standards than those stated in the IFAC Code of Ethics." and would contrast this with both Point 5 of SMO 4 ("Where responsibility for the development of national codes of ethics lies with third parties, member bodies should, in implementing their obligations of membership, have as a central objective the convergence of the national code with the IFAC Code. Member bodies should use their best endeavours to</p>	KPMG	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>persuade those responsible for developing those national codes to incorporate the IFAC Code.") and Point 4 of SMO 3 ("Member bodies should use their best endeavours: a) to incorporate the International Standards issued by the IAASB into their national standards or related other pronouncements, or where responsibility for the development of national standards or related other pronouncements lies with third parties, to persuade those responsible to incorporate the International Standards into their national standards or related other pronouncements"). Whilst noting that for those member bodies with existing more stringent standards, convergence may necessarily be a long-term objective, we suggest that IFAC should consider whether Point 4 of SMO 4 is sufficiently responsive to the vision of convergence of ethical standards.</p>		
Communication				
62.	Q1	<p>We agree that communications including publishing with each revision to the Code a short summary of key changes, issuing a press release communicating the issue of each proposed or final revision to the Code and any other major activity of the IESBA, issuing IESBA eNews communications, and promoting activities of the IESBA through the IESBA website, will achieve the IESBA's objective of promoting the adoption and implementation of the Code.</p> <p>We agree that publishing a "Basis for Conclusions" document with each revision to the Code summarizing considerations deemed significant by the IESBA and how they reached their conclusions will assist regulators, national standard setters, professional accountants, financial statement preparers, users, and other third parties in understanding the rationale followed by the IESBA in developing independence and ethics standards.</p> <p>The work of the IESBA has resulted in a robust and respected framework which provides the capital markets with confidence about the independence of professional accountants. The framework applies to all professional accountants, those in public practice and those in business, industry and government. Professional accountants in business and industry contribute to the financial reporting process and their actions and motives can also impact confidence in the capital markets. Accordingly, we encourage the IESBA through their communications initiative to continue to remind professional accountants in</p>	GTI	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		business, industry and government of their professional responsibility to adhere to the Code.		
	Q1	<p>Our September 12, 2007 letter also noted a number of issues relating to Board composition, process and outreach that we suggested the Board might find helpful to consider. We note that the Monitoring Group is also now considering matters related to Board composition, process and outreach as part of its review of the implementation of the 2003 IFAC Reforms. We continue to believe that in addressing these matters, expanded outreach and broader stakeholder involvement could be useful in the Board’s work.</p> <p>The IESBA’s planned communications activities described in the Strategy and Work plan seem reasonable and useful and we would only suggest that it could be helpful to interested stakeholders if it were possible to receive more detailed and more timely public reports on the issues being discussed – or that have been discussed – in Board and CAG meetings, in addition to carrying out the outreach and stakeholder involvement matters noted above.</p>	IOSCO	
35.	Q1	FEE is generally supportive of the work planned to be performed by the IESBA in relation to communication. In this respect, reference is made to our comments on communication with the European Commission in Section 1.1 of this letter.	FEE	
36.	Q1	<p>The ICJCE supports the proposed activities to be performed by IESBA with regard to communication. We would like to add that the participation of IESBA members or IFAC staff in seminars and conferences to explain what the International Code of Ethics and the threats and safeguards approach is and means, would be very helpful.</p> <p>We would recommend that, as far as possible, conferences would be carried out in the local language in order to avoid misinterpretations and to facilitate the participation of the public</p>	IJCE	
37.	Q1	<p>IBR-IRE is generally supportive of the work planned to be performed by the IESBA in relation to communication.</p> <p>However, for the sake of consistency with the comments made under 1.1., we do</p>	IBR-IRE	

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		<p>not think any revision to the Code will need to be published in the short term as we are in favour of a pause of at least two years.</p> <p>Also, in the long term IBR-IRE encourages the IESBA to communicate in different languages and not only in English.</p>		
Impact Analysis				
38.		<p>In addition, we fully support the IESBA’s decision to develop and implement an impact analysis process that will identify the potential impact of proposed changes to the Code. We believe it is imperative that the IESBA be mindful of the costs and benefits associated with any ethics standard-setting project on its key stakeholders, especially professional accountants practicing in SMP and SME environments.</p>	AICPA	
39.		<p>The first action of the IESBA work plan, commenced Q4 2009, is the performance of an analysis of the impact of proposed revisions to the Code. Although no details are given as to how this impact analysis is proposed to be conducted, in our view, one way to provide effective practical guidance would be to ask IFAC members to provide a comparison between the IESBA Code of Ethics and their own country rules together with an assessment of the potential economical impact on professional accountants following the introduction of the more restrictive Code of Ethics.</p>	Mazars	
40.		<p>Overall we support the proposed Strategy and Work Plan for 2010-2012. In particular, we strongly support the plan that the IESBA intends to develop and implement an impact analysis process. We believe that the process will be helpful to improve the practical applicability of the newly revised provisions of the IFAC Code of Ethics...</p> <p>As we comment above, we strongly support the IESBA’s plan to develop and implement an impact analysis process. We believe that the process will be more useful for the IESBA to accommodate the needs of professional accountants in SMP and SME environments and developing nations and address the specific issues in relation to them in developing and revising the IFAC Code of Ethics.</p>	KICPA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
41.		We strongly endorse the IESBA’s plans to use impact analysis. As noted above one of the pressing concerns for SMEs is over-regulation. Over-regulation threatens the vitality and growth of the sector and, in turn, fails to serve the public interest. It seems that this over-burdensome regulation stems largely from drafting regulation to suit larger entities, which is subsequently retrofitted to smaller ones with the inevitable result that the compliance costs exceed the benefits. Impact analysis should mitigate the risk of this outcome. Hence, we encourage the timely and widespread use of this technique and suggest the IESBA might wish to conduct an ex-post impact analysis on Section 290, for example in the area of non-audit services, as part of a wider post-implementation review	SMP	
42.		We believe that the preparation of an impact analysis is critical to the success of these projects. The analysis should be prepared initially at the commencement of each project to clearly identify the nature of the problem to be solved and to set out the rationale for the project. This will help to define the parameters of each project and help to set goals and objectives. The Exposure Draft does not clearly set out the nature of the existing problems behind each project and therefore it is difficult to comment in any detail. The impact analysis should help this.	PwC	
Section III - Question 2: Are the standard setting projects that will be undertaken for the years 2010–2012 appropriate? If not, why not and which projects should be added or deleted and why?				
General Comments				
43.		We also find the proposed standard setting projects for the years 2010-2012 appropriate.	SAICA	
44.		Grant Thornton believes the standard setting projects that will be undertaken for the years 2010-2012 are appropriate and we are supportive of the work plan exposed. We request that the IESBA consider the following project for consideration in a future work plan:	GTI	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
45.		Yes, as long as there is a differentiation between public entities and non public entities and relevant references to SMPs and SMEs	ICPAI	
46.		We are of the view that the standard setting projects including areas on conflicts of interest, responding to fraud and illegal acts, and independence that will be undertaken for the years 2010 – 2012 appear appropriate.	ICPAS	
47.		The standard setting projects that will be undertaken for the years 2010–2012 are appropriate, based on the information available at the time of this response. However, as we noted above, we anticipate the possibility of future events that may require the re-ordering of the priorities, and significant changes to the related timeline, as stated in the Plan.	JICPA	
48.		Appropriate	RM	
49.		We believe the proposed standard setting projects are appropriate and believe they will further strengthen the revised <i>Code of Ethics for Professional Accountants</i> .	RSM	
Fraud and Illegal Acts and Conflicts of Interest				
50.		We support the priorities that have been established by the IESBA for 2010 – 2012. We suggest that the project on <i>Responding to Fraud and Illegal Acts</i> address issues from the perspective of both those professional accountants who work within an organization as well as those professional accountants who are in public practice.	CICA	
51.		The other two proposed developments are relevant to practices and other entities of all sizes, and so we are in favour of adding practical guidance to the Code in respect of dealing with conflicts of interest and responding to fraud and illegal acts. These are areas where the ACCA Code of Ethics and Conduct already has guidance. However, we would urge the IESBA to only develop guidance that enhances the understanding of professional accountants globally and is proportionate. Care should be taken not to alter existing requirements set out in the form of fundamental principles	ACCA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
52.		<p>We support the adoption of the Proposed Plan and believe that the proposed projects are worthy of being undertaken by IESBA. We are particularly supportive of projects to develop guidance on fraud and illegal acts and conflicts of interests, which we believe would be especially beneficial for professional accountants in business. We believe the actions contemplated in the Proposed Plan serve the public interest and will strengthen the accountancy profession... We believe the proposed projects are appropriate. The ongoing projects for “Conflicts of Interest” and “Responding to Fraud and Illegal Acts” should continue to be priorities.</p>	AICPA	
53.		<p>I believe the standard-setting projects slated for the next few years are appropriate, in particular the efforts to expand guidance in the IESBA <i>Code of Ethics for Professional Accountants</i> (the Code) to professional accountants who encounter conflicts of interest or become aware of possible fraud or illegal acts. These projects address some of the most difficult situations a professional accountant can encounter in his or her practice. Based on comments I have heard from professionals in public practice and in business, both would welcome additional guidance in these areas. Though from a standard-setting perspective these matters may be challenging to address, I believe the IESBA has chosen well.</p>	Audit Conduct	
54.		<p>Yes we consider the standard setting projects to be appropriate, namely, Conflict of Interest and Fraud and Illegal Acts.</p>	CARB	
55.		<p>By and large yes. However we note that IESBA is planning to look at independence - application of the related entity concept in audits of collective investment vehicles in Q1 2011. We stress the importance of the two year moratorium on changes to the Code, in particular independence requirements. We had hoped this might be three years, which would help remove obstacles to harmonisation at some member bodies.</p> <p>Similarly, both the fraud and illegal acts and conflict of interest projects seem to be under the heading of developing standards rather than best practice guidance. Again, we believe it important that amendments to the Code be minimised for a</p>	CCAB	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		period. Due to legal and regulatory complications, guidance rather than standards may in particular be more appropriate for the fraud or illegal acts project depending on the level of detail IESBA wants to address in this project		
56.		The Plan lists three standard setting projects to be undertaken in the three year period. These relate to and have been prioritized as follows: (i) conflicts of interest, (ii) responding to fraud or illegal acts ...We concur with the list of the projects and their prioritization.	E&Y	
57.		We believe that the standard setting projects for the years 2010-2012 are appropriate and note the limitations on time and resources available to address projects. We note that two of the projects have been brought forward from the previous work plan and we believe that it is key that IESBA should now be seen to be progressing committee projects in an efficient manner in accordance with the project plan.	KPMG	
58.		The IESBA's intent to strengthen the IFAC Code of Ethics (Code) by providing additional ethical guidance for professional accountants when dealing with conflicts of interest, responding to fraud and illegal acts, and the consideration of related entities of a collective investment vehicle audit client, we believe will clarify and strengthen the independence requirements for auditors, create a more robust Code and will continue to be the driving factor to achieving convergence of international and national standards.	GTI	
59.		IBR-IRE supports the projects to provide additional practical guidance for professional accountants when dealing with conflicts of interest and responding to fraud and illegal acts. However, IBR-IRE is of the opinion that such guidance should not result in any additional requirements.	IBR-IRE	
60.		Regarding the project on Fraud and Illegal Acts, we believe that it is necessary to adequately consider how to define illegal acts.	JICPA	
61.		Nevertheless, we are supportive of adding (practical) guidance for professional accountants when dealing with conflicts of interest and responding to fraud and	Mazars	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		illegal acts, but would not wish to see additional requirements being proposed.		
62.		We agree that the standard setting projects that will be undertaken for the years 2010-2012 are appropriate, with the exception of the plan to address the scope of the related entity definition in relation to the independence requirements in an audit of collective investment vehicles, including mutual funds. ...	CGA	
63.		We are in agreement with the IESBA’s intentions to complete the two projects that the IESBA already has in progress.	KICPA	
64.		The ICJCE supports the completion of these two projects although as far as we consider that the requirements in the Code in force are enough for its application, only guidance is needed	ICJCE	
65.		We believe the standard setting projects are appropriate,...	DTT	
66.		We support the plan to continue work on the projects concerning <i>conflicts of interest</i> and <i>responding to fraud or illegal acts</i> as outlined on page 13. In line with the comments we have made under the heading “general matters”, we would fully support the development of guidance on specific practical aspects aimed at enabling practitioners to deal with the situations in which they encounter such issues, but would not support the development of further requirements in these areas.	IDW	
67.		We support the Board’s projects “Conflicts of Interest”, “The Auditor’s Responsibilities relating to Fraud in an Audit of Financial Statements”, and “Responding to Fraud and Illegal Acts”, the latter to supplement ISA 240, but (please refer to 2.3 above for details).	WpK	
68.		We do hope that the new projects on responding to fraud and illegal acts and dealing with conflicts of interest do not result in changes to the Code within the next two, and if at all possible, three years. We suggest the aim be to develop application guidance which is principles-based and generic so that it lends itself to	SMP	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		being readily understood and applied by SMPs as well as capable of being tailored for local use.		
Responding to Fraud and Illegal Acts				
69.		We support the need to provide further guidance to professional accountants on how to respond to suspected fraud or other illegal activities. The Joint Accounting Bodies regularly liaise with members who discover fraud or other illegal activities in their work place. In such circumstances the members often seek guidance and re-assurance about what actions they should take. Therefore, expanding the Code to provide specific guidance to professional accountants in these circumstances would be welcome, notwithstanding our acknowledgement of the complexities in providing such guidance	CPA Aus ICAA NIA	
70.		Where the development of standards and the IESBA Work Program is concerned, we believe it is very important for the Board to address the subject of the auditor's responses to suspected fraud and illegal acts. Auditors have both an opportunity and a public responsibility to contribute to the detection and deterrence of fraud. As we noted in our September 12, 2007, letter to the IESBA on the 2008-2009 Strategic and Operational Plan, the current technical provisions in the IFAC Ethics Code can sometimes place an impediment to whistle blowing by auditors when there is not a specific legal requirement to notify regulators of suspected wrongdoing. We understand that confidentiality of client information is a fundamental principle to be observed, but also observe that some provision must be made to serve the public interest when an auditor is confronted with suspected fraud or illegal behaviour on the part of an audit client. Today, in the circumstance where local laws and regulations neither require nor prohibit auditor whistle blowing or other disclosure, the wording of the Confidentiality provision in the Ethics Code would appear to prevent or discourage the auditor from informing others of the suspected fraud or illegal action. We hope some appropriate additional coverage of this important subject can be developed.	IOSCO	
71.		With respect to the section on <i>Responding to Suspected Fraud or Illegal Acts</i> , CMA Canada recommends that the Board address whistle-blowing and address the need for adequate protection to whistle-blowers. This issue was not evident in	CMA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>the draft proposal. In addition, CMA Canada recommends that the IESBA provide guidance to employers through the Code and provide them with the tools and methodologies to encourage employees to bring forward suspected actions and activities within an organization. The added benefit of this is that IFAC's relevance and exposure will extend beyond the professional accounting community to employees who are the most likely to observe fraud and illegal acts.</p>		
72.		<p>We feel that the project on 'Responding to Fraud and Illegal Acts' could be fraught with difficulty because the vast majority of countries already have laws and regulations governing such circumstances and that it may be difficult to arrive at meaningful additional guidance of a global nature. The auditor's responsibility is to comply with those laws and regulations, a fact that is recognised, for example, in how auditors are required to respond to suspected fraud and illegal acts in ISAs 240 and 250, respectively.</p> <p>We would also be concerned that any attempt to impose additional external reporting obligations on professional accountants in public practice, in particular, may conflict with confidentiality requirements. In the context of an external audit, confidentiality creates an environment where management can freely discuss all aspects of the business with the auditor. It is, therefore, an underlying contributor to the efficacy of the audit and audit quality. It is for these reasons that the IFAC Code of Ethics includes confidentiality amongst the fundamental principles of the accountancy profession. Proposals to impose external reporting obligations over and above those set out in professional standards and the law could negatively impact the open communications required between management and the auditor to do an effective audit.</p> <p>In summary, we believe there are adequate professional standards, and instances of national laws, that protect the public interest while addressing the issue in a manner consistent with the non-managerial role of an external auditor. Any external reporting responsibility should, in the first instance, rest with management and those charged with governance. If the auditor suspects management fraud, auditing standards require a report to those charged with governance and responsibility for further action rests with them. If the company's actions are considered inadequate, the external auditor may have to qualify the audit report, disclaim an opinion, resign, or report to local authorities, depending</p>	PwC	

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		<p>on the circumstances and materiality.</p> <p>If the Board feels there is more required, we suggest that it would be in connection with the role of the professional accountant in business which is not covered by detailed and extensive auditing standards.</p>		
73.		<p>...although we are not convinced that the project to develop standards on dealing with fraud and illegal acts will be fruitful, as local laws often control the accountant's behavior in this area.</p>	DTT	
Conflicts of Interest				
74.		<p>Grant Thornton is supportive of the IESBA's conflicts of interest work plan and believes the additional guidance outlined will prove to be beneficial to professional accountants and a contributor in strengthening the Code. We would ask the IESBA to consider including guidance similar to the communication requirements to those charged with governance and documentation requirements as those noted in section 290.28 and 290.29, respectively, for conflicts of interests. We believe guidance on when to communicate potential conflicts of interest will provide greater transparency of the professional accountant's relationships with others and we believe that greater transparency will mitigate any adverse consequences of such circumstances or relationships. Furthermore, we believe there should be documentation requirements that require the professional accountant to document that he/she has evaluated any significant threats and has applied appropriate safeguards that eliminate significant threats or reduce them to an acceptable level.</p>	GTI	
75.		<p>Second, the IESBA may want to re-evaluate the importance, or provide additional information, of its intention of including <i>Conflict of Interest</i> as a priority for its 2010-2012 work plan. CMA Canada is not disagreeing with the IESBA to expand existing guidance for professional accountants, but is concerned with the timeliness of this work plan. To CMA Canada's knowledge, the IESBA recently completed a <i>Conflict of Interest</i> update. This update may not yet be implemented in a number of countries; thus, there may be some challenges implementing a second update so soon after the initial update. CMA Canada suggests that the</p>	CMA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>IESBA address the practicality of professional associations implementing changes to this section in such a short time frame. The section on <i>Conflict of Interest</i> lacks guidance and examples compared to other standards within the Code. We therefore suggest enhancing the communication and explanation, resulting in a more consistent section.</p>		
76.		<p>When considering the conflict of interest provisions, which include provision of additional guidance on the mechanisms that can safeguard confidential information, we would encourage the IESBA to carefully review the privacy legislation requirements in various jurisdictions. The guidance provided under these particular Acts is often times quite developed, and could save the IESBA significant investment in time by adapting these materials for their own purposes.</p> <p>We note, with interest, the plans to expand guidance on professional duty or right to disclose confidential information when not prohibited by law within the response to fraud and illegal act provisions. CGA-Canada includes such provisions within its <i>Code of Ethical Principles and Rules of Conduct</i> (CEPROC); under R201.2, Discretionary Disclosure. We invite the IESBA to review these provisions by referencing our CEPROC which may be accessed from our primary website at: http://www.cga-canada.org/en-ca/StandardsLib/ca_ceproc_v2-11.pdf. In concert with these expanded provisions, we suggest that the IESBA carefully review the requirements that relate to anti-money laundering and proceeds of crime legislation articulated by a number of jurisdictions, in particular, specifics may be garnered from a review of the Financial Action Task Force (FATF) materials; these instances may often fall within the new guidance desired, particularly when a professional accountant is faced with a case of a client involved in suspicious transactions.</p>	CGA	
77.		<p>Yes: in the matter of conflict of interests, there should be a reference to taxes and the regulation or the law regarding opinions thereof. Safeguards should be implemented on special occasions.</p>	ICPAI	
78.		<p>We support the undertaking of an IESBA project addressing the issues associated with conflicts of interest, on the part of both auditors and other professional accountants working in business and governmental capacities. We believe such a</p>	IOSCO	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>project should focus on the auditor’s public interest duty and therefore might also address the need for auditors to avoid having a “mutuality of interest” with an audit client - for example, becoming a business partner with, or advocate for, an audit client, because this can create a conflict between the auditor’s public interest duty to be independent and objective and an auditor’s business development interest in promoting some activity of the client. We also support a future project to address independence requirements for audits of collective investment entities/vehicles, because such investment companies are widespread in the global capital markets and can present unique challenges on independence matters.</p>		
79.		<p>In the project “Conflicts of Interest,” it would be important for the Board to consider carefully the nature of professional practices in small and medium-size environments, particularly as it relates to the demands of clients for a variety of services, including audit. Clearly, in many jurisdictions, such practices operate in very different environments from large firms. In our view, the standards and guidance related to such firms should results in maintaining adherence to key ethical principles, without causing such firms to leave the audit market. The Board’s plan to work closely with IFAC Small and Medium Practices Committee would be one of the steps to achieve that.</p>	JICPA	
80.		<p>The Joint Accounting Bodies continue to support the project to expand the guidance contained in the <i>Code</i> on conflicts of interest. We are of the view that further exploration of the potential conflicts of interest scenarios faced by professional accountants is necessary.</p> <p>Section 310 focuses on the potential conflicts that may arise between the duties of the professional accountant to their employer and their professional obligations as set out in the Code. While it is important to address such situations, there are many other types of conflict of interest faced by accountants which are not addressed in the Code.</p> <p>Conflicts of interest generally arise when professional accountants’ personal or professional relationships or concerns potentially influence their objective professional judgement. Factors such as private and personal interests, that either interfere or appear likely to interfere with objectivity are a legitimate concern to those who rely on professional accountants for their judgement. Developing</p>	CPA Aus ICAA NIA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>guidance for professional accountants to help them identify and address perceived and/or actual conflicts of interest is essential to maintaining the credibility of the profession.</p> <p>We support, therefore, the expansion of the Code to include guidance in relation to other types of conflicts of interest faced by professional accountants.</p> <p>We also support the proposal to develop a definition of conflict of interest as this will help professional accountants identify perceived and/or actual conflicts.</p>		
81.		<p>We recognise that the Code’s provisions in relation to Conflicts of Interest, issues which are often complex to evaluate, are somewhat light and that the Board may conclude that some enhancement is appropriate. We strongly believe that business, commercial and legal conflicts of interest are quite different from those of auditor independence and we encourage the Board to maintain the current distinction.</p>	PwC	
Collective Investment Vehicles				
82.		<p>The Plan lists three standard setting projects to be undertaken in the three year period. These relate to and have been prioritized as follows... application of the related entity to collective investment vehicles. We concur with the list of the projects and their prioritization.</p>	E&Y	
83.		<p>The IESBA’s intent to strengthen the IFAC Code of Ethics (Code) by providing additional ethical guidance for ... the consideration of related entities of a collective investment vehicle audit client, we believe will clarify and strengthen the independence requirements for auditors, create a more robust Code and will continue to be the driving factor to achieving convergence of international and national standards....</p> <p>We concur with the IESBA’s conclusion that the current “related entity” definition is not sufficient in relation to the independence requirements in an audit of collective investment vehicles and are supportive of the IESBA’s considerations regarding the scope and application of the related entity definition to the audits of</p>	GTI	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		collective investment vehicles.		
84.		We also welcome the IESBA's plan to include the project addressing the application of the related entity concept in audits of collective investment vehicles in the work plan for 2010-2012.	KICPA	
85.		The project for "Independence – Application of Related Entity Concept to Audits of Collective Investment Vehicles", while narrow in scope, would be timely for audits of such structures	AICPA	
86.		We suggest that consideration be given to whether the project on collective investment vehicles should begin earlier. It is unlikely in our view to be completed within the time frame shown and therefore will still not violate the 2 year moratorium on new independence standards.	DTT	
87.		In addition, we understand that the Board plans to start the project "Independence – Application of the Related Entity Concept in Audits of Collective Investment" from 2011, since the Board decided not to revise the Code for two years after the 2009 revision. However, from the practical point of view, there is much demand for guidance on this area. Therefore, we hope that the Board will conduct the discussions at an accelerated pace once this project is initiated, and issue the guidance as soon as possible.	JICPA	
88.		The draft work plan explains why a project on the related entity concept in audits of collective investment vehicles is sufficiently important to be included. ACCA is content with the inclusion of this project, provided the guidance issued is proportionate, well referenced to the principles-based approach, and does not detract from the focus of the IESBA during the period being considered by the work plan.	ACCA	
89.		We agree that the standard setting projects that will be undertaken for the years 2010-2012 are appropriate, with the exception of the plan to address the scope of the related entity definition in relation to the independence requirements in an audit of collective investment vehicles, including mutual funds. Sections 290 and 291 have recently undergone substantive revision, and we must recognize that	CGA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>member bodies are still working to adopt these provisions within their own local jurisdictions. Accordingly, we would suggest deferring any further revision until at least 2013 in order to allow execution of the more recent revisions; thus permitting professional accountants a time frame within which to become more familiar with the new requirements. This is particularly critical at a time when professional accountants are inundated with multiple standards updates and concomitant requirements including adoption and/or convergence with ISAs and IFRS.</p>		
90.		<p>Regarding the proposed project on ‘Independence – Application of the Related Entity Concept in Audits of Collective Investment Vehicles’, we agree that the existing "related entity" definition does not work well in this context (e.g. where there is no control relationship) and is unlikely to be able to address every situation given the variety of Collective Investment Vehicle structures and arrangements. However we expect that firms adopt sensible policies based on the principles of the Code and we are not aware that this has caused any significant public interest concerns. Accordingly we are not of a view that this area warrants priority consideration by the Board. However, if the Board decides that specific guidance is needed in the light of an analysis of the threats to independence, we think that this should be limited to such considerations as whether, and in what circumstances, the audit team of a fund manager (advisor) should be independent of funds managed by the audit client, and whether, and in what circumstances, the audit team of a fund audit client should be independent of the fund manager. This would need to have regard to the nature of any control relationship, and the materiality of one entity to another. Some additional guidance on such an issue may provide greater consistency across member bodies and firms.</p>	PwC	
91.		<p>We had also commented in 2007 that, since mutual funds and many other collective investment vehicles are, in many jurisdictions, often classified, by intention, as entities of public interest, they will be covered by the specific provisions of the Code applicable to public interest entities. We still do not perceive a need for additional requirements within the Code to specifically cover collective investment vehicles. Furthermore, the determination of which entities should be considered to be a related entity in audits of collective investment vehicles is not a matter the IESBA can or should address by and of itself.</p>	IDW	

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		<p>This issue also has significant accounting auditing and practice quality control implications, and due liaison between the relevant standard setting bodies is essential. In our opinion, this is not a matter of high priority at present and we continue to believe that there is no sufficient justification for the IESBA to specifically address independence for such funds and vehicles.</p>		
92.		<p>It is not clear why the IESBA would like to consider the application of the related entity concept in audits of collective investment vehicles. In many jurisdictions, including in the European Union, collective investment vehicles (as well as mutual funds) are covered in the definition of public interest entities (defined by the IESBA as entities of significant public interest), or - if not defined by law and regulation - are treated by the profession as significant public interest entities where they are open to investments by the general public. Therefore, the independence rules applicable for auditors or audit firms auditing public interest entities are also applicable for auditors and audit firms auditing collective investments vehicles (as well as mutual funds).</p> <p>Additionally, the way in which collective investment vehicles are structured might differ significantly between different jurisdictions. The development of globally applicable guidance for the application of the related entity concept in audits of collective investment vehicles therefore appears particularly complex and difficult.</p> <p>Finally, given the level of legislation and complexity related to collective investment vehicles, it appears that it is too specialist an area to be dealt with by a global code as only a small minority of professional accountants appears to be commonly confronted with independence issues related to collective investment vehicles.</p>	FEE	
93.		<p>As stated in our answer to IESBA prior consultation this is a project that we do not consider a priority due to the fact that audit of collective investment funds are considered as PIE and stricter rules are applicable to auditors auditing this kind of entities. On the other hand this is a very specific issue that only few auditors should face.</p>	ICJCE	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
94.		IBR-IRE shares FEE's view set out in its letter of May 21st, 2010 in that it is too specialist an area to be dealt with by a global code as only a small minority of professional accountants appears to be commonly confronted with independence issues related to collective investment vehicles.	IBR-IRE	
95.		Regarding the proposal to address the scope of the related entity definition in relation to the independence requirements in an audit of collective investment vehicles, including mutual funds, we do not believe that we have sufficient background information to understand why the IESBA considers it necessary to go into this specific area in more detail	Mazars	
96.		<p>we object to the intended project “Independence – Application of the related entity concept in audits of collective vehicles”...</p> <p>As stated above, we absolutely agree with the Board that a period of stability should be provided, during which no new independence requirements will be developed and take effect. In this context we cannot understand why the Board intends to revisit the definition of Related entities, which in our opinion is already adequately worded. We are convinced that a user of the Code could already solve all thinkable relationships between entities, including Collective investment vehicles, without further specification in the Code, only based on the principles provided in the Code.</p> <p>In addition to that we are very much concerned that a specification of the definition of Related entities and a possible revision of other parts of the Code only regarding Collective investment vehicles, would drive the Code further into a rules based standard. The Code will never be able to regulate all thinkable cases of independence conflicts and it does not have to – as it is thought to be principles based with principles that guide the user to solve his or her conflicts of independence without regulating every single case.</p> <p>We therefore ask the Board to reconsider, whether the intended project “Independence - Application of the related entity concept in audits of collective investment vehicles” is really necessary and helpful.</p>	WPK	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
Other Projects				
97.	Compilation engagements	<p>ACCA would support a future project on the ethical requirements for accountants in public practice providing non-assurance services, particularly with focus on the compilation of financial statements and accompanying reports. We would be keen to see such a project being considered once the IAASB has advanced its project on reviews and compilation engagements. The IESBA will be aware of current projects of the International Auditing and Assurance Standards Board to revise standards for reviews and compilations and other assurance engagements. We suggest that the operation of the Code be considered in relation to such engagements to ensure that proportionate, ‘think small first’ thinking is applied to informing the IAASB on ethical considerations and developing appropriate guidance.</p>	ACCA	
98.		<p>We note IESBA’s intention to provide two years of stability where no changes will be made to the Code to allow member bodies to implement the new Code. Given this context and the IESBA’s desire to work on projects to strengthen the Code, APESB considers the standard setting projects highlighted in the Exposure Draft for the years 2010–2012 as appropriate.</p> <p>However, if the IESBA considers that its remit extends to professional standards then IESBA may consider other projects that have universal application. Whilst we acknowledge that developing professional standards across jurisdictions and national boundaries can be challenging, there are some professional requirements that do have universal application. The following issued Australian professional standards could be considered as examples of where international equivalents might be appropriate:</p> <ul style="list-style-type: none"> • APES 205 <i>Conformity with Accounting Standards</i> (December 2007); • APES 210 <i>Conformity with Auditing and Assurance Standards</i> (June 2006); • APES 225 <i>Valuation Services</i> (July 2008); and • APES 305 <i>Terms of Engagement</i> (December 2007). <p>Copies of these pronouncements can be accessed via our website www.apesb.org.au.</p>	APESB	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
99.	Application to firms	We note that in our response to the July 2009 survey conducted by the IESBA, we suggested that the IESBA undertake a project to consider the application of the entire Code to “firms” (a concept which is already included in Sections 290 and 291), especially given that application of the Code to firms will also have to be addressed as part of the conflict of interest standards. We believe that such a project should be a priority.	CICA	
100.	Prof Accountants not in public practice who perform assurance engagements Non-assurance services	We believe that the proposed standard setting projects are appropriate. We suggest that the IESBA should follow up on two important projects as soon as its resources permit, namely, <i>Independence Requirements for Professional Accountants who are not in Public Practice who Perform Assurance Services</i> and <i>Ethical Guidance for Professional Accountants in Public Practice Providing Non-Assurance Services</i> .	CICA	
101.	Prof Accountants not in public practice who perform assurance engagements Non-assurance services	<p>The Joint Accounting Bodies note that of the three priority projects identified for the 2008-2009 Work Plan, only this project has been included in the 2010-2012 Work Plan. In terms of public interest, we believe the other two projects – <i>Independence Requirements for Professional Accountants who are not in Public Practice who Perform Assurance Engagements</i> and <i>Ethical Guidance for Professional Accountants in Public Practice Providing Non-Assurance Services</i> – deserve reconsideration for the 2010 – 2012 Work Plan.</p> <p>The IESBA states that while the Code does not contain guidance that is specifically tailored to the situations covered by these two projects, the IESBA concludes that the guidance in the Code, combined with the application of professional judgment, is sufficient to enable professional accountants to address the situations covered. However professional accountants who are not in public practice are not directed to consider sections in the Code that are stated to apply only to those in public practice. As such they are unlikely to review such sections of the Code when faced with these situations. Further, professional accountants not in public practice may not necessarily conclude that the situations faced are the same. From a public interest perspective, it is important that there is clarity around the independence requirements for professional accountants who perform</p>	CPA Aus ICAA NIA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>assurance engagements whether in the public or private sector.</p> <p>The International Organization of Supreme Audit Institutions (INTOSAI) has deemed it essential to establish an international <i>Code of Ethics</i> for auditors in the public sector. In order to clarify how the IFAC Code may impact on auditors in the public sector, the two projects could be reconsidered to develop “bridging documents” which explain the unique character of audits in the public sector but connect the structure of <i>IFAC Code of Ethics For Professional Accountants</i> to the INTOSAI <i>Code of Ethics</i>.</p> <p>A similar approach was adopted to clarify the affect of auditing standards on INTOSAI Auditing Standards.</p> <p style="text-align: center; color: red;">INSERT DIAGRAM HERE</p>		
102.	<p>Prof Accountants not in public practice who perform assurance engagements</p> <p>Non-assurance services</p>	<p>The Joint Accounting Bodies, while supporting the proposed Strategy and Work Plan, would recommend that the IESBA consider expanding the Work Plan to include the other two previously proposed projects identified in a survey of key stakeholders. While we understand that there are time and resource constraints on the work of the IESBA, we believe these additional projects are too important to delay until after 2012.</p>	<p>CPA Aus ICAA NIA</p>	
103.	<p>Prof Accountants not in public practice who perform assurance engagements</p> <p>Non-assurance services</p>	<p>As we have previously noted above, the Joint Accounting Bodies in Australia are of the view that all three of the proposed projects, in addition to the two previously identified projects, should be included in the 2010-2012 Work Plan. We are of the view that the Code does not adequately address the issues identified in the other two projects (<i>Independence Requirements for Professional Accountants who are not in Public Practice who Perform Assurance Engagements</i> and <i>Ethical Guidance for Professional Accountants in Public Practice Providing Non-Assurance Services</i>).</p> <p>We would appreciate if consideration could be given as to how these two additional projects could be added to the 2010-2012 Work Plan. If it is not possible to add the two projects in the 2010-2012 Work Plan then they must be given priority for the following Work Plan.</p>	<p>CPA Aus ICAA NIA</p>	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
104.	<p>Prof Accountants not in public practice who perform assurance engagements</p> <p>Non-assurance services</p>	<p>The PSB strongly recommends that higher priority should be given to the project for <i>Ethical Guidance for Professional Accountants in Public Practice Providing Non-Assurance Services</i> for the reasons outlined in response to question 2 below....</p> <p>The PSB believes that higher priority should be given to a project to consider additional ethical guidance for professional accountants in public practice providing non-assurance services to assurance clients. The PSB believes there is a need for further ethical guidelines for accountants providing non-assurance services such as financial advisory services, taxation services and actuarial advisory services but questions whether performance standards of this nature fall within the mandate of the IESBA.</p> <p>Internationally, the provision of non-assurance services to assurance clients has again come under the spotlight. For example, in the United Kingdom, a Treasury Select Committee published a report in May 2009 entitled “Banking Crisis: reforming corporate governance and pay in the City”. In this report the Committee called for the appropriateness of the provision of non-audit services by auditors to the entities that they audit to be revisited, saying: “We strongly believe that investor confidence, and trust in audit would be enhanced by a prohibition on audit firms conducting non-audit work for the same company, and recommend that the Financial Reporting Council consult on this proposal at the earliest opportunity”. The Auditing Practices Board accordingly issued a consultation paper inviting views in October 2009.</p> <p>The PSB has issued an Exposure Draft of the New Zealand Code of Ethics: Independence in Assurance Engagements in April 2010, based on sections 290 and 291 of the International Federation of Accountants (IFAC) Code, in which the PSB specifically seeks comment on the appropriateness of providing non-assurance services to assurance clients. The PSB has some specific concerns over the provision of certain non-assurance services to assurance clients, particularly preparing accounting records and financial statements for clients, preparing tax returns and providing recruiting services, and debated in general terms the appropriateness of providing non-assurance services to assurance clients.</p> <p>This is a key issue that the PSB faces in revising its Code of Ethics:</p>	NZICA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		Independence in Assurance Engagements, and clearly this is an issue internationally. The PSB notes that this project was also ranked as a priority project by respondents to the survey undertaken by the IESBA. The PSB notes that the IESBA plans to provide a period of at least two years after the effective date of the revised Code during which no new independence requirements will become effective, unless there is an urgent need to respond to new or unforeseen circumstances. Given the current level of debate in this area, the PSB believes it is appropriate to give this project a higher priority.		
105.	Non-assurance services	However, we are of the view that more guidance focusing on the non-independence issues is needed to expand the applicable scope of the IFAC Code of Ethics. Accordingly, we encourage that the IESBA consider carefully the project that develops and provides additional ethical guidance for Professional Accountants in Public Practice providing non-assurance services, such as taxation services, bookkeeping services and valuation services, to non- assurance clients.	KICPA	
106.	Prof accountants in business	The CMA Canada welcomes the IESBA work plan to complete two high-priority projects for 2010-2012. While CMA Canada supports the IESBA’s intention to complete the sections <i>Conflict of Interest</i> and <i>Responding to Suspected Fraud or Illegal Acts</i> , CMA Canada also identifies significant gaps that should be addressed before moving forward. First, the focus of the plan appears to be dominated by public practice issues. The Board should also determine the ethical issues concerning the majority of IFAC members who are not in public accounting. It appears that the only section in the work plan that addresses members not practicing public accounting is <i>Responding to Fraud and Illegal Acts</i> .	CMA	
107.	Ethical testing	One project that could be explored is the ethical testing of members seeking professional level membership as this process will serve as an additional measure for public protection. We note that this concept is the standard for some professions. Testing may consist of an oral exam before a board of professionals and may be administered in the final year of completion of the academic portion of qualifying criteria. CMA Canada also recommends that the IESBA initiate a project to provide and set standards for organizations in applying disciplinary actions when members fall short.	CMA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
108.	Other assurance engagements	<p>Section 291 – Other Assurance Engagements Grant Thornton believes that with the adoption of certain international auditing standards for attestation or assertion-based engagements, it will be extremely important to focus on the sufficiency of Section 291 with respect to these services. For example, with the attestation standard for service organizations, one would assume that these do not have a restricted distribution, although they are intended for the user organizations and the user organizations’ auditors. Certain provisions of Section 291, such as <i>Reports that Include a Restriction on Use and Distribution</i> (291.21 - 291.27), do not seem to be applicable to these types of attestation engagements. Accordingly, we believe monitoring and coordination with the International Auditing and Assurance Standards Board should be encouraged to provide timely guidance and reflective of the IESBA’s 2010 - 2012 adoption and implementation guidance priority.</p>	GTI	
109.	Non-assurance services to listed entities	<p>Overall, we welcome the matters that are described in the Board’s Work Plan; however, we have some disappointment that evidently more attention is not planned to be given to the subject of non-audit/non-assurance services in audits of publicly listed companies. In many instances in recent years, IOSCO has raised concerns over various aspects in the Code where the public interest was insufficiently addressed. As noted in our comments below, we observe that many of these concerns are not sufficiently reflected in the current draft Work Plan. We urge the IESBA to reconsider the Work Plan in light of both our previous comments and the discussions in this comment letter, and develop a work plan that will be more robust in addressing public interest matters.</p> <p>In regard to the IESBA plan to provide some period of stability in the Code in order to provide member bodies and firms an extended period of time to carry out implementation efforts, we do not object to a reasonable “quiet period” in which no new standards would become effective. However, during this quiet period, we believe the Board should continue to do work on projects to improve the Ethics Code, and in particular should address certain aspects of the Code that could not be fully resolved and improved during the work projects of the last few years. For example, IOSCO SC 1 has previously expressed concerns with the Code’s current coverage of the subject of “inadvertent violations”, and with the use of exceptions in the Code. We also encourage the Board to be observant and alert</p>	IOSCO	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		for indications that the most recent edition of the Code may need further clarification and improvement as it is implemented and used.		
Section IV - Question 3: Are there any specific initiatives that the IESBA should undertake to promote or assist in adoption and implementation of the Code? If so, please be as specific as possible.				
110.		We are not aware of any additional specific initiatives that IESBA should undertake to promote or assist in adoption and implementation of the Code, beyond current and planned activities. The ongoing activities listed in Appendix 1 of the Proposed Plan for “Adoption and Implementation Guidance”, “Convergence”, and “Communication” are appropriate.	AICPA	
111.		IBR-IRE is generally supportive of the work planned to be performed by the IESBA on the adoption and implementation guidance.	IBR-IRE	
112.		We are not aware of any further initiatives that should be undertaken to promote or assist in the adoption and implementation of the Code. The current initiatives and details on the website have proven helpful to date.	CARB	
113.	Q3	<p>There should be a debate on global ethical issues. The IESBA must beware of imposing the ethical values of one culture on other cultures. It might explore the possibility of establishing a global understanding of ethics. This should be borne in mind when developing the contents of the ethics toolkit. It is also relevant to the development of guidance in respect of fraud and illegal acts.</p> <p>Care should be taken to ensure that initiatives undertaken to assist in adoption and implementation of the Code are relevant and effective. Research should be undertaken to determine what resources professional accountants and member bodies require, and how effective the existing tools and resources have been.</p> <p>We welcome the specific proposal that the IESBA will consult with the SMP Committee on issues relevant to small and medium-sized entities, with the objective of understanding the challenges of adoption and implementation of the Code. Greater focus on independence requirements relevant to SMPs might lead</p>	ACCA	

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		<p>to valuable guidance material (existing outside of the Code), similar in nature to the Practice Notes issued by the Auditing Practices Board in the UK and Ireland. In particular, the IESBA might consider a document similar to Practice Note 26, but focusing on the practical issues faced by smaller practices in respect of ethical considerations.</p>		
114.		<p>FEE invites the IESBA to consider our comments made under Section 1.2 on the needs of professional accountants in SMP and SME environments, and is generally supportive of the other work planned to be performed by the IESBA in respect of adoption and implementation guidance.</p> <p>As far as the IFAC Compliance Advisory Panel’s work on compliance by member bodies and barriers to convergence are concerned, we make reference to our comments in Section 2.4 hereafter.</p> <p>It should also be noted that the IFAC Compliance Advisory Panel’s work with member bodies is often spread out over time, making it hard to measure adoption and implementation at a certain point in time. For instance, comparing the results of FEE’s stocktaking exercise on the advancement of the adoption of ISAs in Europe with the results of the IFAC Compliance Program’s work related to the adoption of ISAs in European countries has indicated a considerable amount of differences, in both directions of further and less advancement.</p>	FEE	
115.	Q3	<p>APESB is supportive of and commends the IESBA on its current range of activities to promote the adoption and implementation of the Code. We believe that in the future IESBA could pursue a clarity project to refine the Code even further which will assist in the adoption and implementation of the Code. Matters that could be addressed include:</p> <ul style="list-style-type: none"> • More consistent use of defined terms internally within the Code and externally with terminology used in the pronouncements of other international standard-setters such as the IAASB and the IASB. For example, the IASB defines “publicly accountable entity” whilst the IESBA has defined “public interest entity”; • ‘Shall’ obligations – requirements of the Code should clearly express on whom an obligation is imposed. For example: 	APESB	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>“240.2 The existence and significance of any threats created will depend on factors such as the level of fee quoted and the services to which it applies. The significance of any threat shall be evaluated and safeguards applied when necessary to eliminate the threat or reduce it to an acceptable level. Examples of such safeguards include ... “ (emphasis added)</p> <p>Redrafting may address these instances to provide clarity.</p> <ul style="list-style-type: none"> • Style and expression – professional accountants in public practice who provide assurance services are required to apply both the independence provisions of the Code and IFAC’s IAASB pronouncements. We would therefore encourage the IESBA to adopt a similar style and expression to clearly articulate the mandatory requirements on professional accountants and to remove any ambiguity as noted in the example above. 		
116.	Q3	<p>I suggest the Board consider using interactive web casts and other communication tools (such as electronic newsletters) to provide in-depth discussions of various portions of the Code, challenges to convergence, and related matters. In this manner, Board members and staff may provide their insight and expertise directly to a worldwide audience.</p>	Audit Conduct	
117.	Q3	<p>In terms of the IESBA measuring the extent of adoption and implementation of the Code, it is not entirely clear what success would be considered to be in this area. Some practical illustrations might be useful.</p> <p>Also, IFAC currently does not offer any real or practical means to consult with anyone authoritative on interpretive questions about application of the code (in particularly the auditor independence aspects). If the Code is to be what we wish jurisdictions to converge toward, regulators may want there to be a consultation resource and capability. If this is to ultimately remain with individual sovereign regulators then IFAC or a body of such regulators needs to provide FAQ's or other interpretive guidance so there can be consistency of application of the Code. Consideration should also be given to whether there needs to be a mechanism in place in IFAC which addresses emerging issues.</p>	CCAB	
118.	Q3	<p>However, CGA-Canada would have considered it beneficial to have been</p>	CGA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>provided with specific detail relative to the planned adoption and implementation activities (for example, if these activities include interpretative guidance materials, the topics that are being contemplated for development, and so forth). The development of such guidance will be important to solidify transition to the new Code, thus garnering support for the new provisions, as well as providing further education to the member bodies having responsibility for regulation of their members. We believe that this should be the primary focus of the IESBA for the next work plan period, rather than looking to develop further standards....</p> <p>CGA-Canada believes that certain initiatives might be undertaken to promote adoption and implementation of the Code. One of the factors CGA-Canada has identified in working within its own governance structure, and with members, is the challenge faced when identifying those provisions that represent prohibitions (rules). In adopting the independence provisions, CGA-Canada dealt with this obstacle by use of italicized paragraphs, thus providing easy identification to our members for those obligations that require strict observation.</p> <p>The second suggestion includes provision of materials and/or guidance for member body decision-makers that describes the rigour and legal enforceability of the Code. The substance of these materials should provide governing bodies with sufficient comfort such that they are able to visualize a path to adoption of the international standards without significant disruption or confusion amongst their memberships.</p> <p>The IESBA’s current proposal identifies the provision of ethical guidance for professional accountants in public practice providing non-assurance services. We strongly support this project; particularly in light of the IAASB’s ISRS 4410 and ISRE 2400 revision projects. Specifically, we would encourage alignment between the independence expectations relative to a compilation engagement (no requirement to be independent but disclosure required) and the materials contained within the Code under similar circumstances. As identified earlier in this communication, however, we suggest that these enhancements be deferred until at least 2013.</p>		
119.	Q3	<p>The Chair’s Statement in the Exposure Draft addresses the IESBA’s objective of facilitating the convergence of international and national ethics standards. We believe that greater guidance as to the meaning of “convergence” and the</p>	CICA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>expectations of member bodies to achieve “convergence” would be useful.</p> <p>We also believe that it would be useful for the IESBA to develop specific “plain language” guidance and examples of the application of the Code to help member bodies understand how it applies in practice. Further, we would welcome a summary of the issues and resolutions that member bodies have identified with respect to areas where differences between international and national standards currently exist. This information might be a useful reference for member bodies as they move toward convergence.</p>		
120.	Q3	<p>CMA Canada supports the importance of promoting the Code in order for a successful adoption and implementation by its members. CMA Canada suggests entering a dialogue with IFAC’s International Accounting Education Standards Board and the Professional Accountants in Business Committee to assist with incorporating the Code of Ethics in the competency framework or curriculum for accounting bodies. Another suggestion, which can also be applied to assisting member bodies, is to develop and provide case studies or best-practice support material that can be used for ethical testing or self-assessment. This can be done as either a step-by-step approach or a roadmap that accountants can use as a self-guided tool. The overall objective of the roadmap is to provide stages and direction. The roadmap can be used by accounting bodies as a tool to evaluate what “stage” they are at as well as to determine the requirements to achieve success at the next stage.</p>	CMA	
121.	Q3	<p>The Joint Accounting Bodies in Australia are of the view that the IESBA should seek the assistance of those jurisdictions that are advanced in their implementation of the Code in assisting other IFAC member bodies in their adoption and implementation of the latest version of the Code. This could be achieved through the setting up of regional forums of IFAC bodies in relation to the Code.</p> <p>There are a number of IFAC bodies that produce additional guidance for their members. Such guidance could be useful in other jurisdictions. As an example, the Joint Accounting Bodies in Australia have developed a publication <i>Independence Guide: Interpretations in a Co-Regulatory Environment</i>, that may be of assistance to other IFAC member bodies.</p>	CPA Aua ICAA NIA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
122.	Q3	We understand that adoption and implementation materials have been prepared and we applaud such efforts. We also believe it is important for the IESBA to reach out to member bodies as they are updating their independence standards. Member bodies will be undertaking this initiative, if they have not already done so, and they may have questions regarding particular provisions. Providing a channel of communication may help them understand the Code's requirements, thereby facilitating adoption by member bodies.	DTT	
123.		IESBA Code, we concur with the initiatives the IESBA is proposing to undertake. However, we note that such initiatives are aimed primarily at the development of materials designed to support member bodies in adoption and implementation and the subsequent monitoring of compliance by member bodies. We believe that the IESBA should also consider providing a channel by which member bodies can consult with the IESBA on practical issues and matters of interpretation that they may be encountering during adoption and implementation. This would help ensure that the Code is properly understood and interpreted by member bodies and would facilitate consistent implementation of the IESBA Code across different jurisdictions.	E&Y	
124.		One particular item which FEE noted in similar application and implementation processes, for instance in relation to the clarified ISAs, is the special focus needed on the application and implementation by smaller practitioners in smaller entities and by smaller IFAC Member Bodies, commonly environments with limited human and financial resources. FEE would encourage the IESBA to particularly focus on the needs of those target groups for the implementation of Section 290 of the Code on Independence. FEE finds that the smaller practitioners are usually looking for material which, although technically and theoretically sound, is first and foremost practical, easily accessible and genuinely addresses the specific needs of smaller practitioners operating in smaller entities. The buy-in from especially smaller practitioners is crucial to make the roll-out of the Code, and especially Section 290 on independence, which is to be applied by all professional accountants, a success.	FEE	
125.	Q3	In addition we are supportive of the planned monitoring of the International	GTI	

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		<p>Auditing and Assurance Standards Board’s agenda to ensure the timely assessment of any corresponding implementation of new standards applied to the Code resulting from the development of new Statements on Auditing Standards....</p> <p>Grant Thornton is very supportive of the Work Plan and the initiatives currently being undertaken by the IESBA. While we recognize that the Code is principles-based, we recommend that the IESBA consider issuing other pronouncements, such as additional interpretations of the Code, in their effort to further promote adoption and implementation of the Code. We believe such interpretations which currently assist in the application of the Code, will also facilitate adoption and implementation of the Code among the global community, further advancing public understanding of the ethical requirements of professional accountants.</p> <p>For example, an interpretation may be appropriate on how the Code should be applied when acting as a group auditor or a component auditor under ISA 600: Special Considerations—Audits of Group Financial Statements. ISA 600 uses the terminology, “<i>independence requirements relevant to the group</i>”, and it may be beneficial for the IESBA to provide guidance on the application of the Code for the group auditor and the component auditor.</p>		
126.		<p>The ICJCE supports the IESBA proposals with regard to adoption and implementation guidance although we would like to point out that these guides should not contain any further requirements or detailed rules.</p> <p>Sometimes, implementation material or authoritative interpretations may provoke moving away from a principles to a rules-based approach, and it has been demonstrated that principles are the most efficient way for developing a professional ethics standards</p>	ICJCE	
127.		<p>Practical assistance in applying the revised requirements We appreciate that the Board has already started to issue materials supporting adoption and implementation of the Code and continue to support this initiative. In this context, SMP firms who generally do not have resources akin to those common in larger firms are particularly likely to benefit from practical guidance to assist them in complying with the IFAC Code of Ethics. We have observed</p>	IDW	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>this phenomenon among smaller firms within our membership and understand that this is a situation experienced throughout the world. We also note that the IFAC and the IAASB are responding to calls for further implementation support in respect of the recently clarified suite of ISAs. In view of this, we would like to express our support for the comments made in FEE's comment letter in respect of the need for guidance specifically addressed towards certain target groups. We agree that such an initiative would be useful in enabling the successful implementation of the Code, and in particular of Section 290 thereof.</p>		
128.	Q3	<p>All companies incorporated in Hong Kong are subject to a statutory audit and there are currently approximately 800,000 such companies with approximately 1,150 being listed companies and the rest primarily SMEs. Furthermore, approximately 83% of the accounting firms in Hong Kong are sole practitioners with another 13% having only two partners (this group is hereafter referred to as "SMPs").</p> <p>In this regards, we believe it is important that the IESBA allocates resources to the development of guidance arising from implementation issues on the Code, in particular, section 290 on "Independence - Audit and Review Engagements".</p> <p>We note from paragraph (b) on page 12 of the ED that IESBA will prepare a document identifying the independence provisions in the Code related to Public Interest Entities. It is further stated that the document will be used in discussions with national standard setters and regulators. We consider that this document will be very useful in enabling users to apply the provisions and we therefore hope that IESBA will make the document available to member bodies and hence to their members. It may well be appropriate to include specific reference to this as a project in Appendix 1 of the ED to ensure that it is given suitable prominence in the work plan.</p>	HKICPA	
129.	Q3	<p>We believe that public interest will benefit from high quality regulation and standards if they are properly adopted and implemented. Accordingly we look to the IESBA to devote a considerably proportion of its resources to assisting with the adoption and implementation of the Code....</p> <ul style="list-style-type: none"> • The promise of a period of stability in the Code, especially as far as 	ICPAI	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>independence is concerned, is most welcome. This will allow time for SMPs to get familiar with the new Code and make the necessary adjustments.</p> <ul style="list-style-type: none"> • Publication of clarifications that are based on case studies. Allocation of a specified period of time that will allow practices to familiarize themselves with the Code and adjust especially with regards to independence. • Explanations and guidance focused on 290+291 <p>We are concerned that many SMPs are having difficulties and will in the future as well understanding, and hence effectively and consistently implementing the provisions of the new Code. In particular we are aware that some SMPs struggle to readily determine exactly what they can and can't do while proponents of the Code argue that one can do more than first impressions would suggest. If this anecdotal evidence proves correct then there we believe there is a strong case for increased implementation support.</p>		
130.	Q3	<p>We suggest that upon issuance of the revised Code, IESBA may consider issuing practical guidance notes with illustrative examples and case studies on areas of challenges commonly faced by professional accountants especially those areas with revised and additional paragraphs in the Code (ie: conflicts of interest, responding to fraud and illegal acts and independence). We believe that the practical guidance notes with illustrative examples and case studies will aid and provide practical guidance on the interpretation and applicability of these revisions or additions to the revised Code.</p>	ICPAS	
131.		<p>IBR-IRE shares the view of FEE in its abovementioned comment letter according to which the IESBA is encouraged to focus on the needs of the small practitioners in small entities for the implementation of Section 290 of the revised IESBA Code of Ethics for Professional Accountants of July 2009. Indeed, in this context, IBR-IRE welcomes the IESBA's strategy to work closely with the IFAC Small and Medium Practices Committee.</p>	IBR-IRE	
132.	Q3	<p>We are of the view that the Board should provide assistance in the process of adoption of the Code and its implementation, world-wide. In our view, the</p>	JICPA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		Board should, as a standard setter, have close communication with countries and jurisdictions, and analyze their difficulties to adopt the Code. It would be useful to provide advice and education, or improve the Code as necessary, based on the analysis of inputs obtained.		
133.	Q3	We are fully supportive of the principles-based approach upon which the IFAC Code of Ethics is founded. However, we are of the view that further guidance on certain aspects of the Code may be needed to enhance clarification and practical applicability of the Code and facilitate the convergence of the Code. Therefore, we suggest that where further guidance on aspects of the Code is necessary, the IESBA issue it as separate explanatory guidance, discussion papers, or basis for conclusion, rather than as a part of the Code itself. We also encourage that the IESBA continue to clarify the Code by using plain English.	KICPA	
134.	Q3	<p>We consider that the following initiatives would assist in the adoption and implementation of the Code:</p> <ul style="list-style-type: none"> • IESBA needs to respond in particular to concerns from certain communities that the Code is insufficiently robust and be prepared to defend it rigorously. It seems that the manner of presentation of the Code might be impeding a clear understanding of the specific requirements of the Code. Therefore, we would support a project to revise the format of the Code to demonstrate more clearly its content; for example, drawing out those policies which are applicable to PIE audit clients and presenting these as clearly identifiable requirements, separate from the requirements applicable to other audit clients and conversely, presenting the requirements for non-PIE audit clients separately (a potential benefit for SMPs and SMEs). • Providing a fast track mechanism to respond to points of clarification or interpretation raised by firms/member bodies on a timely basis, and means to share the response to promote consistent adoption. • Encouraging member bodies/regulators to accept the Code's independence standards for component auditors based in other jurisdictions. 	KPMG	
135.		Mazars supports the IESBA in its ongoing consultations with the IFAC Small and Medium Practices Committee on issues of relevance to small and medium sized entities and the IFAC Developing Nations Committee on issues of	Mazars	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>relevance to developing nations. In this context, we would like to stress the need for easily accessible material that genuinely addresses the specific needs of smaller practitioners operating in smaller entities (professional accountants in SMP and SME environments) – with a particular focus on the needs of those target groups for the implementation of Section 290 of the Code on Independence, as well as for a simpler code for SMPs and SMEs without reference to the PIEs.</p>		
136.	Q3	<p>No specific initiatives have been identified at this stage, but the PSB supports that this is an ongoing project that requires continual assessment. The PSB supports the priority given to the adoption and implementation of the Code and has found the material produced useful in preparing an Exposure Draft in New Zealand.</p>	NZICA	
137.		<p>We believe that IFAC should continue its efforts to seek adoption and implementation of the Code by IFAC member bodies as this is clearly an important foundation step to furthering, where possible, international and national convergence. This should, in our view, be the priority. The oversight by the Compliance Advisory Panel of the implementation and operation of member bodies Compliance programs, which will include action planning (e.g. regarding adoption of the Code) will be important and may identify issues that may be relevant to other member bodies, which could lead to the development of additional materials or activities by the Board. The IESBA should, in our view, work closely with the Advisory Panel.</p> <p>The support materials issued with the release of the Code, together with the Basis of Conclusions, will be useful to member bodies. However, we recognise that member bodies have not generally been involved in the Board’s detailed deliberations and that, despite best efforts, the intent and meaning of the Code’s provisions may not always be clear. It would be helpful, and could foster greater understanding and ultimately adoption, if the IESBA could offer a resource to respond to questions raised by member bodies (without the need for a formal interpretation).</p> <p>We are supportive of the period of stability regarding the Code proposed in the Exposure Draft, recognising the considerable implementation steps that member bodies and firms will need to undertake.</p>	PwC	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
138.		<p>We also believe that the public interest will only benefit from high quality regulation and standards if they are properly adopted and implemented. Accordingly we look to the IESBA to devote a considerably proportion of its resources to assisting with the adoption and implementation of the Code, especially in support of those who most need help namely SMPs, especially those in jurisdictions where the profession is developing and emerging.</p> <p>We are concerned that many SMPs are and will have difficulty understanding, and hence effectively and consistently implementing the provisions of, the new Code. In particular we are aware that some SMPs struggle to readily determine exactly what they can and can't do while proponents of the Code argue that one can do more than first impressions would suggest. If this anecdotal evidence proves correct then there we believe there is a strong case for increased implementation support.</p> <p>Indeed, the member body survey that was conducted in June 2009 as part of the aforementioned review into how IFAC can best support SMPs revealed strong support for more support. In answer to the question 'How important is it that IFAC undertakes the following specific SMP activities?' out of a list of some 30 possible activities a 'Database of materials, both free and for charge, which support the implementation of IFAC standards' and a 'Guide to the Code of Ethics for SMPs' were ranked in the top 5. The former finding has contributed to the likely inclusion of a recommendation that IFAC establish some mechanism for facilitating the sharing of products and services, including those relating to implementation of IFAC standards.</p> <p>The survey findings prompted us to conduct desk-top research into the guidance and tools presently available in support of the Code by member bodies and others. This has revealed a substantial amount of resources in support of the old Code, much of it in the form of explanatory guidance and case studies. This has led us to conclude that there is a case for the IESBA and the SMP Committee to consider developing non-authoritative explanatory guidance to assist with its implementation by SMPs.</p> <p>Any guidance would necessarily be written in plain English so as to ensure it can be easily understood, consistently applied and readily and unambiguously</p>	SMP	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>translated. The use of illustrations, such as case study scenarios, would likely be welcome not least because the principles-based conceptual framework lends itself to such guidance. SMPs appear to be in most need of guidance relating to Section 290-291 with areas of particular interest being the preparation of accounting records and financial statements, management responsibilities, and taxation services To help SMPs adjust to the new requirements it might be useful to outline appropriate strategies for SMPs to ensure compliance with S290 including timely partner recruitment, collaboration with other practices and joining networks. Finally, there might be a case for guidance on how to apply the network firm definition. SMPs will be under the mistaken impression that their ‘arrangement’ with other practices firms falls within the new network firm definition when in fact, it does not.</p> <p>Our preliminary analysis suggests that a combination of simple plain-English guidance summarizing the areas of most relevance to SMPs supplemented with illustrations and tools merits close consideration. This could be usefully supplemented with a catalogue/database of all known available guidance and tools, including potential future projects, offered by member bodies and others that IFAC could share with its member bodies possibly through the Leadership Intranet. Such a catalogue would facilitate member bodies working together on common solutions.</p>		
139.	Q3	Please see above.	PwC	
140.	Q3	REVISED CODE WAS ISSUED IN 2009. IMPLEMENTATION OF REVISED CODE BY MEMBER BODIES HAS TO BE ASSESSED ON AN ANNUAL BASIS 4.	RM	
141.	Q3	We agree with the IESBA’s strategy to promote and assist with adoption and implementation of the <i>Code of Ethics for Professional Accountants</i> and are not aware of any further initiatives they should undertake.	RMS	
142.	Q3	SAICA is of the opinion that the implementation material for the Code that was recently released is very thorough and complete.	SAICA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>We believe that, if the IESBA continues in this vein, there is sufficient material to assist in the adoption and implementation of the Code and thus we do not recommend further initiatives in this regard.</p>		
143.		<p>See previous section above especially paragraphs 12-17. The promise of a period of stability in the Code, especially as far as independence is concerned, is most welcome as this will allow time for member bodies and their SMPs to make the transition to the new Code. We suggest the IESBA consider extending the moratorium to three years.</p> <p>The IESBA should also consider how it might best contribute to the consistent application of the new Code in particular Section 290. One possibility is to emulate the International Accounting Standards Board (IASB) which is forming an SME Implementation Group for its International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)¹. The SMEIG will develop Q&A.</p>	SMPC	
144.		<p>We highly appreciate that the new Strategy and Work Plan recognises the importance to provide Adoption and Implementation Guidance to smaller IFAC Member Bodies and Practitioners. We are of the opinion that, given the current - highly sophisticated - state of the revised Code of Ethics, Adoption and Implementation Guidance as well as Convergence are of much higher significance than any re-revision of certain parts of the Code. ...</p> <p>We support the Board's Adoption and Implementation policy but we do not have any specific initiatives to propose.</p>	WpK	
<p>Section V - Question 4: Are there any specific initiatives that the IESBA should undertake in relation to the needs of professional accountants in SMP and SME environments and those in developing nations? If so, please be as specific as possible.</p>				
145.	Q4	As stated above, there should be more focus on the development of	ACCA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		independence guidance for SMPs. We also recommend a debate on global ethical issues, to include the feasibility of establishing a global understanding of ethics.		
146.	Q4	We are not aware of any specific initiatives but believe it is important for the IESBA to recognize the differences in practice within SMP and SME environments and specifically consider the impact any standard-setting may have on these stakeholders.	AICPA	
147.	Q4	We note that the IESBA has committed to ongoing consultation with the Small and Medium Practices Committee and the IFAC Developing Nations Committee on issues of relevance to associated entities and nations. APESB supports this approach and encourages IESBA's ongoing consultations with professional accountants in these environments.	APESB	
148.	Q4	I do not have any suggestions to offer at this time.	Audit Conduct	
149.	Q4	We are not aware of any specific initiatives that the IESBA should undertake in this area.	CARB	
150.	Q4	None.	CCAB	
151.	Q4	<p>It is well recognized that the SMP sector represents a large proportion of professional accountants worldwide. The aforementioned development of (interpretative) guidance materials will be critical, predominately for this community. This is particularly relevant to those smaller jurisdictions having limited resources, as well as developing nations. The provision of such information will serve to advance the protections afforded by the Code and will bolster adoption and implementation in addition to facilitating convergence of ethical standards.</p> <p>The development of previous revisions to the Code has placed a large emphasis on the efficiency of global capital markets, and whilst CGA-Canada has concurred with this strategy during the early days following the widely</p>	CGA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		publicized financial irregularities, it seems appropriate to now turn attention to the SME sector needs and to the cohort that provides service to this segment of the marketplace.		
152.	Q4	<p>We suggest that the IESBA undertake a consultation process with representatives of the SMP and SME groups as well as a canvass of IFAC member bodies about any issues related to small and medium practices and enterprises that have been identified in their jurisdictions. We believe that it would be particularly useful to learn whether there have been difficulties and solutions identified with respect to the listed entity independence standards as they apply to small and medium practices that provide professional services to public interest entities.</p> <p>In addition, the “plain language” guidance and summary of issues suggested in answer to Question 3 above might be of particular assistance to developing nations.</p>	CICA	
153.	Q4	<p>The Code of Ethics has been refined over many years by IESBA and a number of associations adopted them. It may be a significant and frustrating journey for developing nations to strive to reach the IESBA standards in one giant step. CMA Canada therefore suggests an emphasis on mentorship of other associations and the recognition of the multi-step journey to the standards set out by IESBA, which represent “best practices.” Perhaps an outline of the steps involved to reach the ultimate goal that could be followed by developing nations would assist these bodies as the journey methodology is reinforced. CMA Canada encourages the IESBA to build partnerships with the Developing Nations Committee and the Small and Medium Practices Committee to undertake and promote these initiatives. CMA Canada also sees an opportunity to engage the major accounting firms in the promotion and communication of some of the IESBA’s current initiatives.</p> <p>In conclusion, we are pleased to contribute to the IESBA’s work plan and encourage the IESBA to contact CMA Canada if any clarification is required.</p>	CMA	
154.	Q4	The Joint Accounting Bodies in Australia are of the view that the SMP and SME perspective must incorporated in any guidance to the Code.	CPA Au ICAA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		Developing nations could also be assisted by IESBA/IFAC developing an online technical library, where other nations could view and adopt as applicable, resources developed by other IFAC member bodies.	NIA	
155.		The ICJCE is also concerned about the need of the smallest Practitioners. We are already preparing implementation material and seminars in order to help all our members to implement the Code but it would be very useful if some material issued by IESBA were focussed on the implementation of the Independence Section of the Code addressed to professionals operating in small firms. This material could be essentially practical with examples of situations that a small practitioner may face and how does the Code apply in these situations.	ICJCE	
156.	Q4	As part of the adoption and implementation guidance mentioned above, materials should be prepared to support the SMPs, particularly those that do not serve public interest entities.	DTT	
157.		In addition, with respect to promoting and assisting in the adoption and implementation of the revised With respect to the needs of professional accountants in the SMP and SME environments, as well as developing nations, we concur with the objective of the IESBA to consult with the IFAC Small and Medium Practices Committee and the IFAC Developing Nations Committee. We believe that such activity is necessary to ensure that the needs of such constituents are adequately met.	E&Y	
158.	Q4	SMEs account for the majority of the economic growth in developed and developing economies. However, SME's and SMPs face many challenges due to the lack of technical and professional resources at their disposal. These issues are compounded by SMEs and SMPs trying to recover from the current economic crisis. Concurrently, we support IFAC's continuing effort to address the challenges facing SMEs and SMPs. As a diverse accounting network that has many member firms that operate in SMP and SME environments and member firms in developing nations, Grant Thornton believes that it would be productive for the IESBA to: <ul style="list-style-type: none"> • Increase participation of SMEs and SMPs in standard setting 	GTI	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>activities</p> <ul style="list-style-type: none"> • Increase the focus of SMEs and SMPs, to the extent possible, by including representatives from those operating in the environment and in developing nations on the IESBA and its task forces/committees • Undertake a further education initiative through presentations and materials, including webcasts or other means to broaden the outreach of the IESBA's focus on ethics and independence to SMEs and SMPs • Develop resources that will provide practical guidance and assistance to SMPs, such as a partner rotation tool to help SMPs implement the partner rotation requirement of the Code. 		
159.	Q4	<p>In addition, it is our understanding that IESBA may issue further adoption and implementation materials, for example case studies and an overview of the Code relevant to SMPs. Such materials would be very helpful to member bodies in the implementation of the new Code and we encourage IESBA to include these items in their work schedule.</p> <p>We hope the IESBA will consider our above suggestions in finalizing the Strategy and Work Plan for 2010-2012.</p>	HKICPA	
160.		<p>We would like to recommend that the IESBA concentrates on the initiatives aimed at assisting with adoption and less on developing the standards.</p> <p>Accordingly, we encourage the IESBA as part of a post-implementation review to investigate whether any parts of the new <i>Code of Ethics</i> place undue burdens on SMEs and if so be prepared to make any changes deemed necessary for example, removal of certain prohibitions, extended differentiation of the treatment of public interest entities (PIE) and non-PIE, and greater use of the materiality threshold.</p> <p>Publication of guidance material which include examples.</p>	ICPAI	
161.	Q4	<p>Similar to Q3 above, we are of the view that the practical guidance notes</p>	ICPAS	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		focusing on areas of challenges faced by the professional accountants, in this case those in SMP and SME environments and those in developing nations, would be value-adding and of assistance to them.		
162.	Q4	Due to the fact that the circumstances in the developing nations may vary considerably from one country to another, the nature of the Board’s initiatives should vary accordingly. However, the focus of the Board, basically, would be in advice, education and communication, as stated above.	JICPA	
163.	Q4	We believe that the initiatives outlined under 3 above would be of particular benefit to professional accountants in SMP and SME environments and those in developing nations in implementing the Code by increasing clarity and therefore reducing the potential burden of implementation.	KPMG	
164.	Q4	<p>The PSB notes that future project proposal decisions will be informed by an assessment of the impact of a proposed revision to the Code. It may be appropriate to consider the impact in SMP and SME environments specifically in assessing the impact of the proposed revision. However, the PSB supports the view that ethical standards and guidance apply equally to all professional accountants and that such considerations will not impact the requirements but rather may identify issues that need specific implementation guidance or communications targeted at SMP and SME environments.</p> <p>Communication and material issued to promote or assist in the implementation of the Code by the IESBA is likely to be of high relevance and usefulness in the SMP and SME environment, where professional accountants do not have the same level of support that professional accountants in larger environments may receive.</p> <p><u>II Other Comments</u></p> <p>The PSB notes and supports that the IESBA will be seeking input on the types of improvements to the Code that standard setters and regulators believe should be made for the Code to gain acceptance and recognition in their jurisdictions. The PSB would find it useful to be able to monitor uptake and convergence with the IFAC Code and would value transparency over what other countries around the</p>	NZICA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>world are doing.</p> <p>The PSB recommends that closer co-ordination/liaison between the IAASB and the IESBA would be helpful to ensure that, in particular, independence requirements for auditors take into account public/user expectations. This is particularly relevant in light of the global financial crises.</p>		
165.	Q4	<p>Member bodies, and firms providing assurance services to clients that are not Public Interest Entities, may benefit from a clear and succinct summary of the independence provisions and requirements that apply to such clients and engagements.</p>	PwC	
166.	Q4	<p>ACTIONS UNDER THE CODE ADOPTED BY MEMBER BODIES BE MADE AVAILABLE AS A RESOURCE AT IFACNET-- PUBLICATIONS- DISCIPLINARY ACTIONS ETC</p> <p>THIS WILL HELP PROFESSIONAL ACCOUNTANTS TO ADOPT AND IMPLEMENT UNIVERSALLY.</p>	RM	
167.	Q4	<p>There are No specific initiatives that we feel should be undertaken by the IESBA in relation to the needs of professional accountants in SMP or SME environments and those in developing nations. We agree with the Board’s suggested plans of liaising with the CAP and working closely with the IFAC Small and Medium Practices Committee and the IFAC Developing Committee.</p>	RMS	
168.	Q4	<p>There are no specific initiatives that we would recommend the IESBA undertake with regard to addressing the needs of professional accountants in the SMP and SME environments and those in developing nations; however, we propose that the deadlines for the “conflicts of interest project” and the “project on responding to fraud and illegal acts” be moved to an earlier date.</p> <p>We believe that many developing nations do not have laws in place to address these and there is insufficient guidance to assist professional accountants in dealing with conflicts of interest and responding to fraud and illegal acts.</p> <p>We have no further comments to make on the Work Plan itself.</p>	SAICA	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
169.		<p>In the longer-term we suggest the IESBA investigate how the Code can be made more relevant and readable for SMPs as well as a better platform for global convergence. We have a few ideas that might be worth investigating.</p> <p>First, the Code might benefit from a restructuring in so as to make so as to clearly distinguish requirements, especially for outright prohibitions, from application material/guidance with cross-referencing between the two in a similar fashion to the restructuring of the ISAs.</p> <p>Second, the Code could be restructured to clearly distinguish what requirements apply to PIE and non-PIE respectively. This could be achieved through the use of sub-sections under each main section.</p> <p>Third, tables could be used to summarize the requirements for a particular sub section so that SMPs can see at a glance what was required.</p> <p>Fourth, the IESBA could develop guidance demonstrating how to apply the ethical principles of the Code to different areas of practice in the Code. This guidance could be included as application guidance in the Code. While the IESBA has effectively done this in relation to independence, we suggest such guidance be more principles-based and generic than Sections 290-291. This would help to rebalance the Code as it is presently heavily skewed towards auditor independence. We appreciate that it may be difficult to write guidance on jurisdiction specific matters such as taxation services but feel that generic guidance that can be adapted by member bodies for use in their local jurisdictions would greatly assist efforts towards convergence.</p>	SMPC	
170.	Q4	<p>We are somewhat disappointed that the proposed <i>Strategy and Work Plan, 2010-2012</i> offers little in the way of tangible initiatives for SMEs and SMPs. Accordingly we would encourage greater focus and hence resource devoted to initiatives aimed at assisting with adoption and implementation and less focus and resource directed at developing the standards. Of the proposed projects under the latter area <i>Ethical Guidance for Professional Accountants in Public Practice Providing Non-Assurance Services</i> looks likely to be of most use to our constituents.</p>	SMPC	

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		<p>At the IFAC Board meeting of June 2010 the IFAC Planning and Finance Committee (PFC) will present a set of recommendations as to how IFAC can best support SMPs. We strongly encourage the IESBA to consider what action the IESBA should take in the light of these recommendations, which will likely include a number directed at enhancing the extent and effectiveness of SMP representation on IFAC’s standard setting boards.</p> <p>SMEs not only account for the majority share of GDP and private sector employment they are also the main source of economic growth, innovation and job creation. As such the health of the SME sector is a critical public interest issue. IFAC’s leadership has recognized this. The IFAC Global Leadership Survey 2009 highlighted the need for increased attention to be paid small and medium-sized entities (SMEs) and small and medium-sized practices (SMPs). Respondents said that the second most important issue confronting the profession was addressing the needs of SMEs and SMPs and that this issue would continue to grow in importance over the coming few years. Respondents also said that one of their top priorities was to urge the G-20 to avoid placing unreasonable burdens on SMEs through new regulation.</p> <p>These findings stress the need for regulators and standard setters to consider carefully whether they are doing enough to ensure the suitability of their regulation and standards to the SME sector. In particular, it is vital that the <i>Code of Ethics</i> does not impede SMEs getting access to high quality services offered by their auditors. There is considerable evidence to suggest that SMEs find it advantageous, and sometimes a necessity, to engage their accountant for as many professional services as possible.</p> <p>Accordingly, we encourage the IESBA as part of a post-implementation review to investigate whether any parts of the new <i>Code of Ethics</i> place undue burdens on SMEs and if so be prepared to make any changes deemed necessary for example, removal of certain prohibitions, extended differentiation of the treatment of public interest entities (PIE) and non-PIE, and greater use of the materiality threshold. We would be happy to assist the IESBA conduct this review.</p>		
171.		<i>SME/SME Representation and Consultation</i>	SMP	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>A pervasive concern of ours is that SMEs and SMPs, for various reasons, are insufficiently represented and engaged in the international standard-setting process. As a result international standards fail to adequately reflect the concerns, views and circumstances confronted by these constituencies. Accordingly, we would like to see greater SMP representation on the IESBA and its project task forces and greater effort and resources directed at elicit the views of SMEs and SMPs especially where the proposals stand to significantly impact these constituencies. While the input of larger entities and practices can be taken as a given that of smaller entities and practices will demand more proactive and targeted steps. We will be pleased to assist.</p>		
172.	Q4	<p>We support the Board’s Adoption and Implementation policy but we do not have any specific initiatives to propose.</p>	WPK	
OTHER POINTS				
173.	Ethical standards	<p>Following the completion of the revision of the independence sections in the IESBA Code of Ethics for Professional Accountants, IESBA should refocus its attention away from independence standards and prioritise its activities to develop or improve ethical standards as explained in further detail below.</p> <p>Recent debate, within and outside of FEE, has indeed indicated that there might be a renewed need to focus on ethical requirements and the fundamental principles of professional ethics rather than continue to concentrate on independence issues.</p> <p>The fundamental principles of professional ethics including integrity, objectivity, professional competence and due care, confidentiality and professional behaviour are gaining in importance in the current professional, regulatory and business environment as ethical values are not necessarily any longer instilled in general education and thus behaviour.</p> <p>In September 2009, FEE issued a Discussion Paper on Integrity in Professional Ethics with a deadline for comments of 31 January 2010. Nearly 30 comment letters were received from a variety of stakeholders which are currently being analysed by FEE. A significant number of comments received will no doubt also</p>	FEE	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
		<p>be of great importance to the IESBA. As soon as our analysis of comments received forms a solid enough basis for discussion, FEE would like to involve the IESBA in its considerations of these comments. Our ultimate goal would be to hold a roundtable to discuss integrity as well as to issue a follow-up paper including an analysis of responses.</p> <p>FEE invites the IESBA to closely follow this and other debates on ethical values and to consider its implications for its Proposed Plan</p>		
174.		<p>We note on page 4 of the ED, in the “Background Section”, a statement that “The IESBA develops ethical standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IESBA, and the IESBA’s Consultative Advisory Group (CAG), which provides public interest input into the IESBA’s activities, in particular its development of the Code of Ethics for Professional Accountants (the “Code”).” We are familiar with both the Public Interest Oversight Board and the CAG, and we have IOSCO SC 1 members on the CAG; however, as securities regulators we do not view our interest and participation in these private sector standard-setting activities as “a shared standard-setting process”, but instead as a process of “monitoring to encourage the development of high quality standards”. We also observe that the CAG is composed of a broad range of stakeholders, including many knowledgeable people who have specific business and professional interests as well as public interest considerations underlying their participation and contribution of inputs. We believe it would be more accurate to characterize the CAG as “providing technical advisory input to the IESBA from a wide range of stakeholders.</p> <p>On page 8, under the heading “Convergence”, relating to the IESBA’s plan “to maintain regular contact with key stakeholders, including national standard setters and regulators”, we suggest that the list of key stakeholders be modified to read “with key stakeholders, including investors and other users of audited financial statements, national standards setters, auditor oversight bodies and regulators.”</p>	IOSCO	
175.	Simplification of wording of	However, in the long term, IBR-IRE would be receptive to any initiative taken by the IESBA which would lead to a simplification (of the wording) of the	IBR-IRE	

X Ref	Par Ref	Comment	Respondent	Proposed Resolution
	independence requirements	independence requirements applicable to assurance engagements and in particular to audit and review engagements in order to ensure a sound understanding of such requirements by all parties, including the stakeholders.		
176.	Other languages	<p>Again, in order to facilitate convergence, IBR-IRE encourages the IESBA to provide guidance taking into account the civil law and the common law perspective. Such an approach might also be helpful not only for translation purposes but also in order to favour a more mechanical implementation in the various jurisdictions.</p> <p>Furthermore, in the long term, IBR-IRE encourages the IESBA to issue some work in other widely spoken languages such as French or Spanish, and even in all UN languages</p>	IBR-IRE	
177.	Other languages	Distributing information in French. We usually make this request for all materials published by IFAC; in our view, French-language distribution is essential not only because it ensures proper understanding of all provisions, but also because it ensures that all our members can swiftly incorporate the principles in question. This issue hinges on questions of time, large-scale distribution and a thorough understanding of the information involved.	FIDEL	

Legend

ACCA	Association of Chartered Certified Accountants
AICPA	American Institute of Certified Public Accountants
APESB	Accounting Professional and Ethical Standards Board – Australia
Audit Conduct	Audit Conduct - Catherine Allen, CPA
BDO	BDO Global Coordination B. V.
CARB	Chartered Accountants Regulatory Board – Ireland
CCAB	The Consultative Committee of Accountancy Bodies
CGA	Certified General Accountants Association of Canada
CICA	Canadian Institute of Chartered Accountants
CMA	CMA-Canada
CPA Aus/ICAA/ NIA	CPA Australia/ Institute of Chartered Accountants in Australia/ National Institute of Accountants in Australia
DTT	Deloitte Touche Tohmatsu
E&Y	Ernst & Young Global Limited
FARS	The Institute for the Accountancy Profession in Sweden
FEE	Federation des Experts Comptables Europeens
FIDEL	Fédération Internationale des Experts-Comptables Francophones
FSR	Foreningen af Statsautoriserede Revisorer
GTI	Grant Thornton International
HKICPA	Hong Kong Institute of Chartered Accountants
IBR-IRE	Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsreviroren
ICJCE	Instituto de Censores Jurados de Cuentas de Espana
ICPAI	Institute of Public Accountants Israel
ICPAS	Institute of Public Accountants in Singapore
IOSCO	International Organisation of Securities Commissions
IDW	Institut der Wirtschaftsprufer (Germany)
JICPA	Japanese Institute of Certified Public Accountants
KICPA	Korean Institute of Certified Public Accountants
KPMG	KPMG
Mazars	Mazars
NIVRA	Koninklijk Nederlands Instituut van Registeraccountants (Royal NIVRA)
NZICA	New Zealand Institute of Chartered Accountants
PwC	PricewaterhouseCoopers
RM	Ramachandran Mahadevan
RSM	RSM International
SAICA	South African Institute of Chartered Accountants
SMPC	SMP Committee
Wpk	Wirtschaftspruerkammer