



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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Agenda Item

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Committee: Ethics Consultative Advisory Group
Meeting Location: Crowne Plaza St James, London, United Kingdom
Meeting Date: September 13, 2010

Firm Reputational Risk

Objectives of Agenda Item

To discuss how, if at all, the IESBA could provide guidance or otherwise promote awareness of the issues associated with firm reputation risk and ways that it could be addressed.

Background

At the March 2010 meeting, during the discussion of the potential IESBA project to provide ethical guidance for professional accountants who provide non-assurance services, the issue of firm reputation risk arose.

It was noted that some non-assurance services are provided by individuals who are not professional accountants, for example tax services are often provided by lawyers and the Code addresses only professional accountants. When a firm of professional accountants provides such services however, if there is a problem with the service provided, this can have a negative effect on the reputation of the firm providing the service, on the profession and consequently on the confidence in the financial statement audit. It was suggested at the March meeting that CAG members give some thought to the issue and determine whether it wanted to provide the IESBA with any thoughts on this matter. It was agreed that the matter would be discussed at the next CAG meeting.

Some slides will be presented at the CAG meeting to stimulate discussion.

Action Requested

CAG members are asked to consider how, if at all, the IESBA could provide guidance or otherwise promote awareness of the issues associated with firm reputation risk and ways that it could be addressed.