



Annual Reports and Plans



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IESBA Adds Additional Workstreams to Its Strategy and Work Plan

Staff Update

The International Ethics Standards Board for Accountants (IESBA) has added additional workstreams to its Strategy and Work Plan for 2012. The board is considering additional projects in the areas of: firm rotation, non-assurance services, the structure of the *Code of Ethics for Professional Accountants* (the Code), and Part C of the Code.

IESBA STAFF UPDATE
May 2012

IESBA ADDS ADDITIONAL WORKSTREAMS TO ITS STRATEGY AND WORK PLAN

The International Ethics Standards Board for Accountants (IESBA) has added additional workstreams to its Strategy and Work Plan for 2012. The IESBA will determine what its position is on certain measures being considered by the European Commission, the US Public Company Accounting Oversight Board (PCAOB), and regulators in other major jurisdictions to strengthen the independence of auditors. It also will determine whether accounting regulations at various companies reveal ethical implications for professional accountants in business.

The additional workstreams are consistent with the IESBA's remit as an international standard setter of ethics requirements for the accounting profession globally. They are also consistent with the IESBA's objective of international convergence between national ethical requirements and those contained in the IESBA's *Code of Ethics for Professional Accountants* (the Code). These additional workstreams may necessitate the IESBA revising the timelines for its other projects.

The IESBA's convergence objective does not mean that the IESBA will be seeking to align key provisions in the Code with decisions that may be reached in other jurisdictions, and these additional workstreams are not being undertaken with that intention. The scope of the IESBA's convergence objective includes considering matters of significance that bear directly or indirectly on positions it has taken in the Code.

Whatever its position on the measures under consideration by the European Commission, the PCAOB, and others, the IESBA will support its conclusions with a well-thought-out rationale that fully explains the reasons for supporting or rejecting such measures. Depending upon the positions reached, the IESBA may add to its 2012 standard-setting agenda, which may result in proposed revisions to the Code.

Additional Workstreams

Rotation—The IESBA will consider the arguments for and against a firm rotation requirement in the Code. Depending on its position, the board will also consider whether the position on partner rotation set out in the Code remains appropriate, including whether the requirement to rotate off the audit engagement after serving seven years as a key audit partner and observe a two-year limit if period continues to be appropriate. The IESBA expects to begin discussions in June 2012. At its February 2012 meeting, the board agreed that its analysis should be guided by an overarching objective of improving audit quality.

Non-assurance services—The IESBA will consider whether the Code should include additional restrictions on auditors providing non-assurance services to their audit clients and whether the use of materiality as the basis for prohibiting certain non-assurance services remains appropriate. If materiality continues to be appropriate, the IESBA will consider whether the Code should contain guidance for applying it. If certain non-assurance services will continue to be permitted, the IESBA might also consider whether they should be subject to pre-approval by those charged with governance, restricted in size in relation to the audit fee, or publicly disclosed. The IESBA expects to begin discussions in the last quarter of 2012.

(PDF | 214K)

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