

Meeting: IESBA
Meeting Location: New York, USA
Meeting Date: March 11-13, 2019

Agenda Item

5

Promoting the Role and Mindset Expected of Professional Accountants

Objectives of Agenda Item

1. To discuss issues and the Task Force's proposals related to the Role and Mindset project, in particular:
 - (a) A draft Introduction for the Code to be positioned before Part 1 of the Code;¹ and
 - (b) Proposed revisions to Sections 100², 110³ and 120⁴ of the Code.

The Task Force welcomes any advance comment and drafting suggestions on its proposed text in **Agenda Item 5-A**. Please email comments to: geoffkwan@ethicsboard.org.

Task Force

2. The Task Force comprises:
 - Richard Fleck, Chair and IESBA Deputy Chair
 - James Barbour, IESBA Technical Advisor
 - Hironori Fukukawa, IESBA Member
 - Trish Mulvaney, IESBA Member

Activities since Last IESBA Discussion

3. The Task Force members met in-person in January 2019 and held one teleconference to develop the agenda materials for this meeting.
4. The Task Force Chair will participate in a teleconference in late February 2019 with the respective chairs of the IAASB Professional Skepticism (PS) Subgroup and IAESB PS Task Force for mutual updates on their work streams and to obtain high level feedback on the Task Force's proposals. The Task Force Chair will brief the Board on the significant matters discussed during the March 2019 Board meeting.
5. The Appendix provides the project history for the Role and Mindset project.

¹ Part 1, *Complying with the Code, Fundamental Principles and Conceptual Framework*

² Section 100, *Complying with the Code*

³ Section 110, *The Fundamental Principles*

⁴ Section 120, *The Conceptual Framework*

About the Task Force Proposals

6. **Agenda Item 5-A** contains three key components for review and consideration by IESBA members:
- (a) The Task Force's proposed text in mark-up;
 - (b) Relevant information such as key issues identified and factors considered by the Task Force as well as its rationale for the proposed revisions; and
 - (c) Matters for IESBA consideration
7. The Task Force's proposed text includes the following key changes to the Code:

Introduction to the Code (New)	<ul style="list-style-type: none">• The role of the accountancy profession and the relationship between compliance with the Code and professional accountants acting in the public interest
Section 100	<ul style="list-style-type: none">• Applicability of the Code• The linkage between the provisions of the Code on the one hand and behavior and approach expected of professional accountants and responsibility to act in the public interest on the other.
Section 110	<ul style="list-style-type: none">• Revisions to the description of "objectivity"• New application material on exercising resolve when confronting difficult situations under Subsection 111⁵• A new example of potential reliance on technology affecting the objectivity of a professional accountant under Subsection 112⁶
Section 120	<ul style="list-style-type: none">• The inclusion of "a questioning mindset" as a requirement in combination with the exercise of professional judgment• New application material on having a questioning mindset and the exercise of critical analysis.• New application material on bias and organizational culture under a new subheading "Other Considerations When Applying the Conceptual Framework"

Next Steps

8. The Task Force is planning to seek input on its proposals at The Forum of Firms (FoF) in April 2019 and the National Standard Setters Liaison Group (NSS) in May 2019.
9. The Task Force will present its revised proposals to the Board in June 2019 incorporating all the feedback received. The June 2019 proposals will also include a review of other parts and sections of the Code to identify opportunities to emphasize and reinforce the mindset and behavioral characteristics expected of professional accountants.

⁵ Subsection 111, *Integrity*

⁶ Subsection 112, *Objectivity*

Materials Presented

For Discussion

Agenda Item 5-A Proposed Text (Mark-up)

For Reference

Agenda Item 5-B Proposed Text (Clean)

Action Requested

10. IESBA members are asked to:

- (a) Consider the Task Force's proposed revisions to the Code, its rationale and other related information set out in **Agenda Item 5-A**; and
- (b) Provide input on the Matters for IESBA Consideration in **Agenda Item 5-A**.

Project History

Project: Promoting the Role and Mindset Expected of Professional Accountants (formerly professional skepticism)

Summary

	CAG Meeting	IESBA Meeting
Information gathering/ Discussion	March 2018	March 2018
Project commencement, including: <ul style="list-style-type: none">• Consideration of feedback from consultation paper and roundtables• Approval of project proposal	September 2018	June 2018 September 2018
Development of proposed international pronouncement (up to exposure)	March 2019	December 2018 March 2019