



June 15, 2010

Via website posting: <http://www.ifac.org>

International Ethics Standards Board for Accountants
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA
Attention: IESBA Deputy Director, Ms. Jan Munro

Re: Exposure Draft Comment:
IESBA Strategy and Work Plan for 2010-12

The Certified General Accountants Association of Canada (CGA-Canada) is pleased to comment on the exposure draft concerning the strategy and work plan for the International Ethics Standards Board for Accountants (IESBA) for the 2010-2012 term.

General Comments:

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.

Specific Comments:

1) Are the IESBA's priorities for the years 2010-2012 appropriate? If not, why not and how should the priorities be amended?

CGA-Canada agrees that the IESBA's priorities for the years 2010-2012 are appropriate. However, CGA-Canada would have considered it beneficial to have been 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.

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?*

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 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.

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.

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 *Code of Ethical Principles and Rules of Conduct* (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.

3) *Are there any specific initiatives that the IESBA should undertake to promote or assist in the adoption and implementation of the Code? Is so, please be as specific as possible.*

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.

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.

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.

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? Is so, please be as specific as possible.*

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.

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 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.

Closing Comments:

Should you wish to consult with us further on this matter, we request that the IESBA correspond with Ms. Dawn McGeachy, BAccS, FCUIC, ACUIC, FCGA, Director, Public Practice at dmcgeachy@cga-canada.org or myself at rlefevre@cga-canada.org.

Sincerely,

[Original signed by:]

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Vice-President, Research & Standards