

## **CHANGES OF SUBSTANCE FROM 2012 EDITION**

### **Code of Ethics for Professional Accountants**

This handbook contains the *Code of Ethics for Professional Accountants* (the Code), effective on January 1, 2011, issued by the International Ethics Standards Board for Accountants (IESBA). This handbook replaces the 2012 edition of the *Handbook of the Code of Ethics for Professional Accountants*.

#### **Changes**

The 2013 edition of the handbook contains changes to the Code in the three areas noted below. The changes were published on the IESBA website in March 2013.

##### ***Breach of a Requirement of the Code***

The IESBA has revised the Code to more comprehensively deal with a professional accountant's actions when encountering a breach of a requirement of the Code. The changes in particular establish a robust framework for addressing a breach of an independence requirement in the Code.

The changes are effective on April 1, 2014, with early adoption permitted.

##### ***Conflicts of Interests***

The IESBA has revised the Code to establish more specific requirements and provide more comprehensive guidance to support professional accountants in identifying, evaluating, and managing conflicts of interest. The changes clarify the meaning of a conflict of interest under the Code. They affect both professional accountants in public practice and professional accountants in business, taking into account their different circumstances.

The changes are effective on July 1, 2014, with early adoption permitted.

##### ***Definition of "Engagement Team" in the Code***

The IESBA has made a change to the definition of "engagement team" to clarify the relationship between internal auditors providing direct assistance on an external audit and the meaning of an engagement team under the Code. The IESBA issued the revised definition in conjunction with the International Auditing and Assurance Standards Board (IAASB)'s issuance of its International Standard on Auditing (ISA) 610 (Revised 2013), *Using the Work of Internal Auditors*. ISA 610 (Revised 2013) includes requirements and guidance addressing the external auditor's responsibilities if using internal auditors to provide direct assistance under the direction, supervision, and review of the external auditor for purposes of the audit, where such assistance is not prohibited by law or regulation.

The revised definition of "engagement team" is effective for audits of financial statements for periods ending on or after December 15, 2014. Early adoption is permitted.

#### **Changes to the Code Issued Subsequent to April 30, 2013 and Exposure Drafts**

For information on recent developments and to obtain final pronouncements, issued subsequent to April 30, 2013, or outstanding exposure drafts, visit the IESBA's website at [www.ethicsboard.org](http://www.ethicsboard.org)