TO: **PUBLIC INTEREST OVERSIGHT BOARD**

FROM: **JAMES GUNN, MANAGING DIRECTOR, PROFESSIONAL STANDARDS**

DATE: **September 1, 2020**

RE: **APPROVAL OF DUE PROCESS FOR REVISIONS TO THE CODE TO PROMOTE THE ROLE AND MINDSET EXPECTED OF PROFESSIONAL ACCOUNTANTS**

Section 1   Pronouncement Approved

1.1   In June 2020, the IESBA unanimously approved the revisions to the Code to promote the role and mindset expected of professional accountants (PAs).

1.2   In support of the PIOB approving the due process followed for the final pronouncement, the following are attached to this memorandum:

Agenda Item X.1.2   Final Pronouncement, *Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountants*

(Marked from Extent also shown, for information)

Agenda Item X.1.3   Basis for Conclusions

Agenda Item X.1.4   Due Process Checklist

Section 2   Description of Due Process

2.1   The revisions to the Code to promote the role and mindset expected of PAs have been developed and exposed in accordance with the IESBA's Structure drafting conventions. For this final pronouncement, the IESBA:

- Approved a project proposal for commencement of work to revise the Code to promote the role and mindset expected of PAs.

- Consulted with stakeholders on the issues to be addressed in the project through the issuance of a consultation paper and the holding of four global roundtables.

- Consulted with the IESBA Consultative Advisory Group (CAG) on:

  o   The project proposal; and

  o   The significant issues relating to the development of the proposed pronouncement.

  Any significant comments received through the consultation with the IESBA CAG have been brought to the IESBA's attention, and the Project Task Force has reported back to the IESBA CAG the results of the IESBA's deliberations.

- Approved and issued an exposure draft of the proposed revisions to the Code for public comment, together with an explanatory memorandum highlighting, amongst other matters, the significant proposals of the IESBA.

- Considered an analysis of the significant issues raised by respondents on the exposure draft, including an outline of their proposed disposition and, as appropriate, the reasons significant changes recommended by respondents have, or have not, been accepted.

- After members had familiarized themselves with the issues raised in comment letters:

  o Deliberated significant matters raised in the comment letters received, including consideration of whether there were any issues raised by respondents, in addition to those summarized by the Task Force, that members considered should be discussed; and

  o Amended the proposed revisions to the Code accordingly.

- Consulted with the IESBA CAG on significant issues raised in comment letters on the exposure draft and the IESBA's related responses. The CAG did not have any comments on the matters raised on the exposure draft.

- Considered but did not find need to conduct a field test of the proposals.

- Approved the final wording of the proposed revisions to the Code.

- Concluded that there were no substantial amendments to the proposed revisions to the Code that warranted re-exposure.

- Confirmed that it followed due process with regard to the revisions to the Code.

2.2 Following approval of the revisions, IESBA Staff completed a Basis for Conclusions for the pronouncement, which was circulated to the IESBA for comment. The Basis for Conclusions document, inclusive of the IESBA's comments, is attached for information.

Section 3   Recommendation

3.1 **It is recommended that the PIOB accept that the revisions to the Code to promote the role and mindset expected of professional accountants have duly been approved by the IESBA in accordance with due process.**