

AMENDMENTS TO PROFESSIONAL AND ETHICAL STANDARD 1 (REVISED) CODE OF ETHICS FOR ASSURANCE PRACTITIONERS

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AMENDMENTS TO PROFESSIONAL AND ETHICAL STANDARD 1 (REVISED)

Introduction

This document sets out amendments to Professional and Ethical Standard 1 (Revised).

Amended paragraphs are shown with new text underlined and deleted text struck through.

The revised definition of “those charged with governance” and related changes to the Code will be effective on 1 June 2014. Early adoption is permitted.

DEFINITION

Those charged with governance The person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.

SECTION 100

Introduction and Fundamental Principles

Communicating with Those Charged with Governance

100.25 When communicating with those charged with governance in accordance with the provisions of this Code, the assurance practitioner or firm shall determine, having regard to the nature and importance of the particular circumstances and matter to be communicated, the appropriate person(s) within the entity's governance structure with whom to communicate. If the assurance practitioner or firm communicates with a subgroup of those charged with governance, for example, an audit committee or an individual, the assurance practitioner or firm shall determine whether communication with all of those charged with governance is also necessary so that they are adequately informed.

SECTION 290

Those Charged with Governance

290.28 Even when not required by the Code, applicable auditing or review engagement standards, law or regulation, regular communication is encouraged between the firm and those charged with governance of the audit or review client regarding relationships and other matters that might, in the firm's opinion, reasonably bear on independence. Such communication enables those charged with governance to:

- (a) Consider the firm's judgements in identifying and evaluating threats to independence,
- (b) Consider the appropriateness of safeguards applied to eliminate them or reduce them to an acceptable level, and
- (c) Take appropriate action.

Such an approach can be particularly helpful with respect to intimidation and familiarity threats.

In complying with requirements in this section to communicate with those charged with governance, the firm shall determine, having regard to the nature and importance of the particular circumstances and matter to be communicated, the appropriate person(s) within the entity's governance structure with whom to communicate. If the firm communicates with a subgroup of those charged with governance, for example, an audit committee or an individual, the firm shall

determine whether communication with all of those charged with governance is also necessary so that they are adequately informed.