

**Comparative Report on the Status of Adoption of IESBA Code of Ethics for Professional Accountants 2009 (2013 Edition)**  
**(Date of Report : 7 September 2014)**

Question	ICAB	ICMAB	ICAI	ICAI(Cost)**	ICAP	ICMAP	ICASL	CMASL	ICAN
a. Whether the member body has adopted the IESBA Code of Ethics 2013 Edition in entirety without any change or amendment.	Council ICAB adopted IESBA Code of Ethics 2013 version without any change. However, ICAB bye-Laws have more stringent ethical requirements in some cases	ICMAB has not yet adopted the IESBA code of Ethics 2013 Editio. ICMAB has its own "Professional Ethics and Code of Conduct" However, ICMAB is reviewing IEASB code of Ethics 2009 and hopefully it will be adopted within 2015.	ICAI is in the process of adoption of IESBA Code of Ethics 2013 and it is proposed to be adopted with some changes/modifications, in order to make it in line with the domestic requirements of ICAI		In Pakistan, the ICAP Code of ethics is based on the IFAC Code of Ethics issued in 2005. The relevant committee of the Institute is considering revising the ICAP Code of Ethics to be in line with the 2013 edition of Code of Ethics issued by IESBA. The process is expected to be complete by 31 December 2014.	ICMA Pakistan adopted Code of Ethics in July 2005, prepared by SAFA Committee on Ethics and Independence	ICASL has not yet adopted IESBA Code of Ethics 2013 Edition. Currently they have invited comments from their members on the IESBA Code of Ethics 2014 Edition.	Council of CMASL adopted IESBA Code of Ethics with changes to some paragraphs	As regards by the implementation of Code of Ethics 2013 Edition, the agenda is under consideration of the Council, it will take couple of months for finalization.
b. If the member body has not yet adopted the IESBA Code of Ethics 2013 Edition, what is the current status and when does it plan/target to adopt?	Not applicable		•The Ethical Standards Board of ICAI had, in 2011-12 finalized recommendations with regard to changes required in the Part A of ICAI Code of Ethics (based on IFAC Code of		Not applicable	Matter is under consideration	Not applicable	Not applicable	Not applicable

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			<p>Ethics) due to IFAC Code of Ethics, 2009 edition and that the recommendations were placed before the Council of ICAI.</p> <ul style="list-style-type: none"> <li>•Meanwhile, the IESBA Code of Ethics, 2012 was issued, which had few editorial changes only.</li> <li>•Subsequently, IESBA Code of Ethics, 2013 edition was issued, which introduces some substantial changes pertaining to Conflicts of Interest, Change to the Definition of “Engagement Team” and Provisions Addressing a Breach of a Requirement of the Code, and these pronouncements would be effective from July, 2014 (although early adoption is</li> </ul>						

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			<p>permitted). As such, it was, in 2013-14 decided by the Ethical Standards Board of ICAI to incorporate the provisions of latest IESBA Code (i.e., 2013 edition) in the ICAI Code of Ethics.</p> <p>It may also be of interest to note that the Ethical Standards Board of ICAI, while incorporating the provisions of the IESBA Code of Ethics, 2013, decided to carry out the necessary changes/modification in the IESBA Code of Ethics, 2013 itself (rather than making modifications in the present ICAI Code of Ethics) so as to make it in line with the domestic requirements.</p> <p>The recommendations of the Ethical Standards</p>						

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			Board with regard to adoption of IESBA Code of Ethics, 2013 were placed before the Council of ICAI at its meeting held in December, 2013 and are presently pending for the consideration of the Council. The provisions pertaining to IESBA Code of Ethics, 2013 will be effective once the recommendations of the Ethical Standards Board are approved by the Council of ICAI.						
c. If the member body has adopted the above IESBA Code, leaving/ dropping some paragraphs of the code or with some changes/amendments to some paragraphs of the code:  (i). What are those paragraphs of IESBA Code?	Not applicable		ICAI has not yet adopted the IESBA Code of Ethics, 2013 and is in the final stage of adoption.		Not applicable	Not applicable	(i).ICASL's current Code of Ethics includes Paragraphs 250.1, 290.173, 290.216, 290.223, 290.224 and 291.153	(i)Paragraph 290 & 291	Not applicable

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(ii). What are the changes/amendments made?							<p>of IESBA Code of Ethics 2013 Edition with some modifications.</p> <p>(ii). <b>250.1</b> When a professional accountant in public practice engages in marketing professional services, there may be a threat to compliance with the fundamental principles. For example, a self-interest threat to compliance with the principle of professional behavior is created if services, achievements, or products are marketed in a way that is inconsistent with that principle.</p> <p><b>290.173</b> Despite paragraph 290.172, a firm may provide accounting and bookkeeping services, including payroll services and the preparation of financial statements or other financial information, of a routine or</p>	<p>(ii) Paragraph 290 &amp; 291 separated &amp; given as Annex I</p> <p>(iii) Paragraph 290 &amp; 291 address the independence requirement for audit, review &amp; other assurance engagements &amp; apply a conceptual framework approach and this is applicable to those who are engaged in Audit &amp; Assurance.</p>	

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							<p>mechanical nature for divisions or related entities of an audit client that is a public interest entity if the personnel providing the services are not members of the audit team and:</p> <p>(a) The services do not involve the exercise of judgment.</p> <p>(b) The divisions or related entities for which the service is provided are collectively immaterial to the financial statements on which the firm will express an opinion; or</p> <p>(c) The services relate to matters that are collectively immaterial to the financial statements of the division or related entity.</p> <p>If such services are provided, all of the following safeguards should be applied:</p>	<p>Since ICASL is a Management Accounting Institute, Audit, Review Engagements &amp; other Assurance Engagements are separated. (Available at CMASL).</p>	

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							<p>(a) The firm, or network firm, should not assume any managerial role nor make any managerial decisions.</p> <p>(b) The audit client should accept responsibility for the results of the work.</p> <p>(c) Personnel providing the services should not participate in the audit.</p> <p><b>290.210</b> Legal services that support an audit client in executing a transaction (for example, contract support, legal advice, legal due diligence and restructuring) may create self-review threats. The existence and significance of any threat will depend on factors such as:</p> <ul style="list-style-type: none"> <li>• The nature of the service;</li> </ul>		

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							<ul style="list-style-type: none"> <li>• Whether the service is provided by a member of the audit team; and</li> <li>• The materiality of any matter in relation to the client's financial statements.</li> </ul> <p>The significance of any threat created shall be evaluated and safeguards applied when necessary to eliminate the threat or reduce it to an acceptable level. Examples of such safeguards include:</p> <ul style="list-style-type: none"> <li>• Using professionals who are not members of the audit team to perform the service; or</li> <li>• In relation to the advice provided, the audit client makes the ultimate decision or, in relation to the</li> </ul>		



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							<p>transactions, the service involves the execution of what has been decided by the audit client;</p> <p>Having a professional who was not involved in providing the legal services provide advice to the audit team on the service and review any financial statement treatment</p> <p><b>290.216</b> Providing corporate finance services such as:</p> <ul style="list-style-type: none"> <li>• Assisting an audit client in developing corporate strategies;</li> <li>• Identifying possible targets for the audit client to acquire;</li> <li>• Advising on disposal transactions;</li> <li>• Assisting finance raising transactions; and</li> </ul>		

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							<ul style="list-style-type: none"> <li>• Providing structuring advice, may create advocacy and self-review threats. The significance of any threat shall be evaluated and safeguards applied when necessary to eliminate the threat or reduce it to an acceptable level. Examples of such safeguards include:               <ul style="list-style-type: none"> <li>○ Policies and procedures to prohibit individuals assisting the assurance client from making managerial decisions on behalf of the client;</li> </ul> </li> <li>• Ensuring the firm does not commit the assurance client to the terms of any transaction or consummate transaction on behalf of the client;</li> </ul>		

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							<ul style="list-style-type: none"> <li>• Using professionals who are not members of the audit team to provide the services; or</li> <li>• Having a professional who was not involved in providing the corporate finance service advise the audit team on the service and review the accounting treatment and any financial statement treatment.</li> </ul> <p><b>290.223</b> A self-interest threat may be created if fees due from an audit client remain unpaid for a long time, especially if a significant part is not paid before the issue of the audit report for the following year. Generally the firm is expected to require payment of such fees before such audit report is issued. If fees remain unpaid after the report has been</p>		

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							<p>issued, the existence and significance of any threat shall be evaluated and safeguards applied when necessary to eliminate the threat or reduce it to an acceptable level. An example of such a safeguard is having an additional professional accountant who did not take part in the audit engagement provide advice or review the work performed or involving an additional professional accountant who did not take part in the assurance engagement to provide advice or review the work performed. The firm shall determine whether the overdue fees might be regarded as being equivalent to a loan to the client and whether, because of the significance of the overdue fees, it is appropriate for the firm to be re-appointed or</p>		

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							<p>continue the audit engagement.</p> <p><b>290.224</b> When a firm obtains an audit engagement at a significantly lower fee level than that charged by the predecessor firm, or quoted by other firms, the self-interest threat created will not be reduced to an acceptable level unless:</p> <ul style="list-style-type: none"> <li>a. The firm is able to demonstrate that appropriate time and qualified staff are assigned to the task; and</li> <li>b. All applicable assurance standards, guidelines and quality control procedures are being complied with."</li> </ul> <p><b>291.153</b> A self-interest threat may be created if fees due from an assurance client remain unpaid for a long time,</p>		

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							<p>especially if a significant part is not paid before the issue of the assurance report, if any, for the following period. Generally the firm is expected to require payment of such fees before any such report is issued. If fees remain unpaid after the report has been issued, the existence and significance of any threat shall be evaluated and safeguards applied when necessary to eliminate the threat or reduce it to an acceptable level. An example of such a safeguard is having another professional accountant who did not take part in the assurance engagement provide advice or review the work performed or involving an additional professional accountant who did not take part in the assurance engagement to provide advice or</p>		

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							<p>review the work performed. The firm shall determine whether the overdue fees might be regarded as being equivalent to a loan to the client and whether, because of the significance of the overdue fees, it is appropriate for the firm to be re-appointed or continue the assurance engagement.</p> <p><b>291..154</b></p> <p>When a firm obtains an assurance engagement at a significantly lower fee level than that charged by the predecessor firm, or quoted by other firms, the self-interest threat created will not be reduced to an acceptable level unless:</p> <p>a. The firm is able to demonstrate that appropriate time and qualified staff are assigned to the task; and</p>		

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<p>(iii).What was the reasons for such non-adoption or changes/amendments of paragraphs of the IESBA Code?</p>							<p>b. All applicable assurance standards, guidelines and quality control procedures are being complied with."</p> <p>(iii) <b>250.1</b> To suit the local requirement</p> <p><b>290.173</b> In the threat and safeguard approach the existing safeguards of the Code was retained.</p> <p><b>290.210</b> Retained the example of the safeguard in the existing Code.</p> <p><b>290.216</b> Retained the example of the safeguard in the existing Code.</p> <p><b>290.223</b> Retained the example of the safeguard in the existing Code.</p> <p><b>290.224</b> Provisions on Pricing were retained in the Sec</p>		



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							<p>290 of the revised Code.</p> <p><b>291.153</b> Retained the example of the safeguard in the existing Code.</p> <p><b>291.154</b> Provisions on Pricing were retained in the Sec 291 of the revised Code.</p>		

\*\* Note: No response was received from ICAI (Cost).