

**Final Pronouncement**  
September 2013

*International Ethics Standards Board for  
Accountants*

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**Change to the Definition of  
“Those Charged with  
Governance” in, and Related  
Changes to, the Code of  
Ethics for Professional  
Accountants**

**IESBA**

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This document was developed and approved by the International Ethics Standards Board for Accountants (IESBA).

The IESBA is an independent standard-setting board that develops and issues high-quality ethical standards and other pronouncements for professional accountants worldwide. Through its activities, the IESBA develops the *Code of Ethics for Professional Accountants*, which establishes ethical requirements for professional accountants.

The objective of the IESBA is to serve the public interest by setting high-quality ethical standards for professional accountants and by facilitating the convergence of international and national ethical standards, including auditor independence requirements, through the development of a robust, internationally appropriate code of ethics.

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**CHANGE TO THE DEFINITION OF “THOSE CHARGED WITH  
GOVERNANCE” IN, AND RELATED CHANGES TO,  
THE CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS**

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## Definitions

The following revised definition of the term "those charged with governance" will replace the existing definition of the same term in the Definitions section of the Code:

Those charged with governance—The person(s) or organization(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 in some jurisdictions, 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

*Paragraph 100.25 and its heading below will be inserted at the end of Section 100.*

### Communicating with Those Charged with Governance

100.25 When communicating with those charged with governance in accordance with the provisions of this Code, the professional accountant 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 professional accountant or firm communicates with a subgroup of those charged with governance, for example, an audit committee or an individual, the professional accountant or firm shall determine whether communication with all of those charged with governance is also necessary so that they are adequately informed.

## Section 290

*Extant paragraph 290.28 will be replaced with the following paragraph 290.28.*

290.28 Even when not required by the Code, applicable auditing standards, law or regulation, regular communication is encouraged between the firm and those charged with governance of the audit 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 judgments 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

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individual, the firm shall determine whether communication with all of those charged with governance is also necessary so that they are adequately informed.

**Effective Date**

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

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ISBN: 978-1-60815-160-8

Published by:





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