

The Ethics Standards Board

Independent Regulation of the Accountancy Profession

For Immediate Release

29 August 2002

LAST CHANCE TO RESPOND TO CONSULTATION ON ETHICAL STANDARDS

The Ethics Standards Board (ESB) of the Accountancy Foundation will close its period of consultation on September 16.

The consultation paper “*Setting the Agenda for Ethics*” was launched in May and aimed to promote thought and debate across the entire spectrum of ethical issues faced by accountants working in industry, commerce, the public sector and public practice.

The consultation paper still invites responses to questions on a number of key topics regarding the ethics of accountants. These include:

- *Should the ethical standards of accountants be based solely on a system of rules or on a system of principles supported by guidance and rules?*
- *Can company auditors ever be truly independent while they are effectively appointed – and reappointed – by the directors on the advice of management?*
- *Can an accounting firm provide non-audit services to an audit client without impinging on auditor independence?*
- *Should there be a requirement for periodic rotation of senior members of the audit team?*
- *Should there be a requirement for periodic rotation of the accounting firm acting as auditor in order to introduce a fresh approach to the audit after a certain number of years? If not, should there be a requirement for regular competitive tendering for the audit appointment?*

Copies of '*Setting the Agenda for Ethics*' will still be available on request from the ESB secretariat (telephone 020 7293 7932). The text may be downloaded from ESB's website: http://www.accountancyfoundation.com/ethics_standards_board until September 16.

- Ends -

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Notes to editors

1. ESB was formed in 2001 to secure the development of ethical standards for all professionally qualified accountants who are members of the six accountancy bodies that together make up the Consultative Committee of Accountancy Bodies (CCAB). It is part of the new system of non-statutory independent regulation of the accountancy profession under the Accountancy Foundation. The aim of the new system is to ensure that the public interest in the way the accountancy profession operates is fully met and to secure public confidence in the impartiality and effectiveness of its regulatory and disciplinary processes. Although the system is funded by the members of CCAB, it is independent from the accountancy profession: a key feature of the arrangements is the involvement of a majority of lay members. Six of ESB's ten members, including its Chairman, are non-accountants.

ESB will set the agenda for the ethical standard setting processes of the six members of CCAB by specifying the standards that are needed and the issues that need to be covered. It will be for the members of CCAB to prepare the necessary standards: if they fail to do so to ESB's satisfaction, ESB has the power to develop and issue such standards itself.

The six members of CCAB are:

- The Association of Chartered Certified Accountants
- The Chartered Institute of Management Accountants
- The Chartered Institute of Public Finance and Accountancy
- The Institute of Chartered Accountants in England and Wales
- The Institute of Chartered Accountants in Ireland
- The Institute of Chartered Accountants of Scotland

2. On 16th May 2002 the European Commission issued a Recommendation on "Statutory auditors' independence in the EU". The full text of the Recommendation is available on the Europa website:
http://europa.eu.int/comm/internal_market/en/company/audit/index.htm