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Stellungnahme zu: Code of Ethics – Proposed Change to the Definition of "Those Charged with Governance"

Die Wirtschaftsprüferkammer hat mit Schreiben vom **30. Oktober 2012** gegenüber der International Federation of Accountants (IFAC) zu den Änderungsvorschlägen für den Code of Ethics wie nachfolgend wiedergegeben Stellung genommen:

We are pleased to take this opportunity to comment on the above-mentioned Exposure Draft.

While we have repeatedly stated in earlier comments and still are basically of the opinion that after the comprehensive amendments to the Code of Ethics (hereinafter referred to as "CoE") over the past years, resulting in, at times considerable, demands on the member organizations in terms of implementation and regulation (including translation), there should be no further amendments to the CoE at this time, we are basically not in disagreement with this particular project since and as far as it does not call for any change in systems or common practice but might have a clarifying effect.

Having said this, we would like to respond to your questions in the following.

Question 1: Do respondents agree with the proposed change to more closely align the definition of "those charged with governance" to the definition contained in ISA 260, *Communication with Those Charged with Governance*?

The existence of different definitions risks creating confusion and might cause different understandings. Therefore, from a conceptual point of view, we do agree with the proposed change to align the definition of "those charged with governance" to the definition contained in ISA 260 in the light of clarity and user-friendliness. However, regarding the specific transposition of this concept and its content proposed by IESBA, we do have some reservations which we would like to explain under question 2.

Question 2: Do respondents agree that in each case as noted in the Exposure Draft, communication to “those charged with governance or a subgroup thereof” would be appropriate?

Already according to the status quo a subgroup might be viewed as (part of) those charged with governance depending on the individual circumstances. This aspect is taken into account by ISA 260 by means of its extensive explanatory material explaining the diversity of governance structures (ISA 260. A 1 et seqq.). While the explicit statement of “or a subgroup thereof” might have a positive effect in terms of clarifying at first glance, we deem the persistent repeating neither necessary nor useful. Instead, it would be preferable to just clarify once the subgroup matter by either extending the proposed definition correspondingly or composing a separate section. In either case, similar guidelines as the explanatory material in ISA 260 should be applied in order to safeguard the intended harmonization and consistency. This approach would also make the persistent repeating dispensable and offer the necessary guidance for the profession.

Besides, we would like to point out that the proposed definition of “those charged with governance” encompasses the “management personnel” but does not define this term as opposed to ISA 260 which contains a corresponding definition (ISA 260.10.(b)), even though the CoE refers to the term “management” in different contexts (e.g. management responsibilities Section 290.162). Therefore we would highly welcome a definition of “management” also within the CoE.

We hope that our remarks are useful to you, and we would be delighted to answer any questions you may have.