



Revised Ethical Standard 2024

November 2024

Presenters

David Isherwood
Ethics Partner, BDO LLP



Rupak Vasishta
Ethics Director, BDO LLP



Omid Tissier
Ethics Senior Manager, BDO LLP



Revised Ethical Standard 2024

Agenda

-
1. Introduction
 2. Highlights
 3. New ORITP Guidance
 4. Horizon Scanning

Questions



Revised Ethical Standard 2024

Introduction



Reflect recent developments in the International Ethics Standards Board for Accountants (IESBA) Code



Respond to issues identified through audit inspections and enforcement cases



Provide greater clarity in respect of specific prohibitions and requirements



Future of PIEs and Other Entities of Public Interest (OEPIs)



Revised Ethical Standard 2024

Transitional arrangements



Effective 15 December 2024

- Engagements related to periods commencing before this date can be completed under the existing 2019 rules.
- Engagements to provide previously permitted NAS entered into before 15 December 2024, and for which the firm has already started work, may continue until completed in accordance with the original engagement terms, subject to appropriate safeguards.

Highlights

Long association

If an engagement partner rotates off an engagement after five years, the option to extend for two more years is no longer available

Breach reporting

Requirement to report to the FRC breaches outside of the biannual timetable where they would reasonably expect notice

Fee dependency

Applies to collection of entities with same beneficial owner or controlling party

Highlights - PIE Restrictions

5.40 Permitted List For PIE/OEPI

Cannot provide services not on the permitted list (either directly or indirectly) to:

- the audited entity, its UK parent undertaking or its worldwide controlled undertakings.

FCA Revised Listing Rules

Removal of requirement for independent assurance on shareholder circulars - service will likely remain permitted but will now be subject to the 70% fee cap as no longer required by law or regulation.

Guidance from the FRC is expected (or may have been issued by the time of this recording).

Highlights - NAS

Data Hosting

Threat to integrity, objectivity and independence if storing or managing the hosting of data on behalf of an audited entity or its affiliate:

- Acting as the only access to financial or non-financial information system of such an entity
- Taking custody of or storing the entity's data or records such that the entity's data or records are otherwise incomplete
- Providing electronic security or back-up services, such as business continuity or disaster recovery functions
- Operating, maintaining, or monitoring such an entity's IT systems, network or website

The collection, receipt, transmission, and retention of data provided by an audited entity in the course of an audit or to enable the provision of a permissible service to that entity do not create the above threats.



Highlights - NAS

Tax	Recruitment
<p>Now includes services provided to individuals who are the controlling shareholders of an audited entity</p> <p>Services to controlling shareholders will require Audit Partner approval and threats and safeguards analysis.</p>	<p>Prohibited from providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on, the appointment of any director or employee of the entity. These include:</p> <ul style="list-style-type: none">• searching for or seeking out candidates• undertaking reference checks of prospective candidates• acting as a negotiator on the entity's behalf• recommending the person to be appointed



New ORITP Guidance



Alongside the new ES, the FRC published ORITP Guidance.

- Suggestions around how the ORITP test is implemented including seeking views on the firms' ORITP judgements from an independent panel or non-exec directors.
- May be impractical for some firms to apply.
- Nevertheless, it is important to consider how judgements relating to the ORITP test are made, and how this is being documented.



Horizon Scanning



New ethics and independence standards for sustainability reporting and assurance (IESBA)



FRC due to withdraw OEPI category once the new statutory definition of a PIE has been finalised



Questions



[icaew.com](https://www.icaew.com)