

***What is the AICPA Ethics Codification Project?***

In December 2008, the AICPA launched the Ethics Codification Project to reformat and enhance its ethics literature. Similar to the *FASB Accounting Standards Codification*<sup>™</sup> the literature will be put into a logically structured, topical format and re-drafted using consistent wording conventions and styles.

***Why is the AICPA Undertaking this Project?***

The AICPA's *Code of Professional Conduct* (the Code) and related guidance is in need of transformation. Existing in multiple locations, similar subject matters are sometimes disjointed, making it difficult for members to know whether they have considered all the relevant matters. Further, some ethics guidance resides outside the AICPA Code. For example, informal AICPA staff positions and basis for conclusions documents, which carry no authority but provide helpful guidance or background on the rules. Codification provides an opportunity to re-evaluate that guidance and determine whether to propose that some of it be made authoritative and incorporated into the Codification.

***What are the Primary Objectives of the Project?***

The primary objectives of the Codification Project are to improve the Code by making it topical and easier to use. Other important goals of codification will be to retain the substance of the existing AICPA ethics standards, improve research capability via the use of technology, and enhance the clarity of the Code through the use of consistent drafting conventions and styles.

***How does the Codification Project Relate to PEEC's Convergence Efforts?***

Since 2001, the AICPA Professional Ethics Executive Committee (PEEC) has been converging the AICPA Code with the *Code of Ethics for Professional Accountants*, issued by the International Ethics Standards Board for Accountants (IESBA). As a member body of the International Federation of Accountants (IFAC), the AICPA agrees to have ethics standards that *at a minimum* meet the IESBA ethics standards. Therefore, the PEEC will continue to consider convergence issues as part of the Codification effort. In this context, "convergence" means the PEEC may propose changes to AICPA guidance that is less strict than guidance in the IESBA Code or does not exist in the current Code. However, any proposed changes to the AICPA Code resulting from these efforts will follow full due process as described in the AICPA Bylaws including exposure of the proposed standard to the membership and consideration of all comments at PEEC meetings that are open to the public. Convergence does **not** mean that the PEEC will adopt lower standards when international standards are not as strict. Rather, the PEEC will maintain the high ethical standards of the current AICPA Code. The IESBA Code is being considered as a structural model for the Codification.

***Will the Codification Look Very Different than the Current Code?***

Though the PEEC has not made a final decision about the format and content of the Codification, the Codification will likely look quite different than the current Code due to the topical layout, integration of the conceptual framework approach, and new numbering sequence.

Note: The Code will continue to appear in the ET section of the AICPA *Professional Standards* and maintain the same authority as before.)

***How May I Assist with this Project?***

Due to the significant changes the PEEC expects to make to the structure and drafting conventions of the AICPA Code, and the possibility that the PEEC may wish to elevate certain non-authoritative guidance to authoritative status, the committee will expose the Codification to the membership and consider their comments before adopting the new Code. The PEEC will also communicate with and request input from constituent groups throughout the process. Important constituents include: state boards of accountancy, CPA societies, AICPA members, and accounting organizations.

***What is the Status of the Project?***

The Codification Project is scheduled to take approximately 3 - 5 years to complete during which time it will continue to be discussed in all open meetings of the PEEC. The PEEC expects the planning phase of the project to be completed by fall 2010.

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