



Membre de : - l'International Federation of Accountants (IFAC)
- la Pan African Federation of Accountants (PAFA)
- la Fédération Internationale Des Experts comptables Francophones(FIDEF)

Antananarivo, March 22, 2016

Réf : 204/PDT/16

To : Ken Siong

IESBA Technical Director

Subject : comments on proposed revisions pertaining to safeguards in the Code – Phase 1

Dear Sir,

We are pleased to inform you that we agree with the proposed revisions pertaining to safeguards in the Code – Phase 1. We have only general comments on the matters presented at paragraph 54 of the ED.

53. Request for Specific Comments

Proposed Revisions to the Conceptual Framework

1. Do respondents support the Board's proposed revisions to the extant Code pertaining to the conceptual framework, including the proposed requirements and application material related to :

- (a) Identifying threats: Yes
- (b) Evaluating threats: Yes
- (c) Addressing threats: Yes
- (d) Re-evaluating threats: Yes
- (e) The overall assessment: Yes

If not, why not?

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Proposed Revised Descriptions of “Reasonable and Informed Third Party” and “Acceptable Level”

2. Do respondents support the proposed revisions aimed at clarifying the concepts of

(a) “reasonable and informed third party;” : Yes

(b) “acceptable level” in the Code: Yes

If not, why not?

Proposed Revised Description of Safeguards

3. Do respondents support the proposed description of “safeguards?” Yes

If not, why not?

4. Do respondents agree with the IESBA’s conclusions that “safeguards created by the profession or legislation,” “safeguards in the work environment,” and “safeguards implemented by the entity” in the extant Code:

(a) Do not meet the proposed description of safeguards in this ED? Yes

(b) Are better characterized as “conditions, policies and procedures that affect the professional accountant’s identification and potentially the evaluation of threats as discussed in paragraphs 26–28 of this Explanatory Memorandum?” Yes

If not, why not?

Proposals for Professional Accountants in Public Practice

5. Do respondents agree with the IESBA’s approach to the revisions in proposed Section 300 for professional accountants in public practice? Yes

If not, why not and what suggestions for an alternative approach do respondents have that they believe would be more appropriate?

Request for General Comments

54. In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below :

(a) Small and Medium Practices (SMPs) – The IESBA invites comments regarding the impact of the proposed changes for SMPs.



For SMPs in our country, there will be difficulties to practice all changes because the profession is in full development. The new fellow members have difficulties to obtain engagements. Hence, their new clients come generally from close relationship (family and acquaintances) : there will be a familiarity threat, described in section 120.5.A2(d), section 300.2.A1(d).

We suggest that the “Ordre des experts-comptables et financiers” can help to resolve the problem by presenting a specific safeguard on it, for example, establishing a "customers exchange" agreement between 2 members.

(b) *Developing Nations*—Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular, on any foreseeable difficulties in applying them in their environment.

In our environment, bribery is a major problem, it should be specifically mentioned as another threat to be solved, as for now it is not clearly identified as intimidation threat, section 300.20A1 (e)

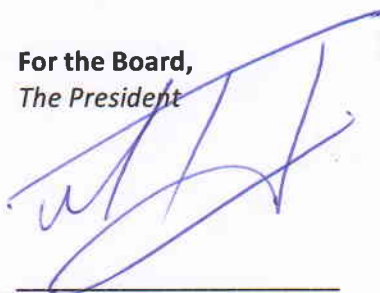
(c) *Translations*—Recognizing that many respondents may intend to translate the final pronouncement for adoption in their environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.

It is difficult to translate the term “re-evaluate” because in french language "to re-evaluate threats" means that the threats are the same but only their acceptability-level needs to be evaluated again. However, as it is described in 9 b and in in section 300.2 A10 and A11, new threats must also be identified and evaluated. Hence, the term “permanent identification and evaluation” seems more clear and appropriate for translation purpose.

We thank you for giving us opportunity to present our comments.

Yours faithfully,

For the Board,
The President



Jaona Ely RAJERIARINALINA

