



31 October 2019

Ken Siong
International Ethics Standards Board for Accountants
New York

Dear Mr Siong

Proposed Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountant

The Consultative Committee of Accountancy Bodies welcomes the opportunity to comment on the above Exposure Draft published by the International Ethics Standards Board for Accountants in July 2019. Our comments below are at a policy level and relate to matters on which the member bodies of the CCAB, set out in the footnote below, are in agreement. A number of the individual members bodies will be sending additional responses with more detailed proposals on certain of the proposals and on drafting matters.

Question 1 - Do you support the proposals in Section 100 that explain the role and values of professional accountants as well as the relationship between compliance with the Code and professional accountants acting in the public interest? Are there other relevant matters that should be highlighted in these paragraphs?

1. The discussion in s100 is generally appropriate. It is important to clarify the relationship between the IESBA Code ('the Code') and the profession's responsibility to the public interest but we are not sure that the overall sum of the discussion in ss100,110 and 115 achieves this. We discuss this further below, under question 3.

Question 2 - Do you support the inclusion of the concept of determination to act appropriately in difficult situations and its position in Subsection 111?

2. Yes, this is an appropriate treatment of an attribute that may be necessary to achieve the fundamental principles, under such circumstances.

Consultative Committee of Accountancy Bodies

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Question 3 - Do you support the proposal to require a professional accountant to behave in a manner that is consistent with the profession's responsibility to act in the public interest in paragraphs 110.1 A1 (e) and R115.1?

3. Most of our member bodies have significant concerns about the proposed wording 'to behave in a manner that is consistent with the profession's responsibility...'. This can be read to imply a specific separate public interest duty on individual professional accountants which is over and above compliance with the fundamental principles. The public interest is an abstract notion that would be difficult to define in a clear and always appropriate way. We see practical difficulties in applying and enforcing such a requirement and wonder what situations IESBA envisages where compliance with the spirit as well as the letter of the fundamental principles would result in actions that were incompatible with the profession's responsibility?

Question 4 - Notwithstanding that the IESBA has a separate working group that is exploring the implications of developments in technology, are there any additional matters relating to the impact of technology beyond the proposals in paragraphs 110.1 A1(b)(iii), 113.2 A2 and 120.12 A2 that you consider should be addressed specifically as part of the Role and Mindset project?

4. We do not have additional matters to suggest but agree that it is appropriate and important to consider the impact of technology in assessing the appropriateness and application of the Code.

Question 5 - Do you agree with the concept of an inquiring mind as set out in the proposals in Section 120?

5. We agree that, on the whole, the concept is well described and distinguished from the more detailed notion of professional scepticism applied in assurance engagements.

Question 6 - Do you support the approach to addressing bias? If so, do you agree with the list of examples of bias set out in paragraph 120.12 A2? Should any examples be omitted or new ones added?

6. We agree with the approach overall.

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Question 7 - Are there any other aspects about organisational culture in addition to the role of leadership that you consider should be addressed in the proposals?

7. We agree with the importance of organisational culture, given professional accountants' responsibility to encourage and promote an ethical culture in their organisation. There has been some debate about the positioning of a discourse on this in terms of whether it would be better included within the Code, or as separate external background guidance. The IESBA Board might wish to reconsider this when the final shape of the guidance is determined.

Please do not hesitate to contact us in the event of any queries
Yours sincerely

I LOWSON

Chair, CCAB Ethics Group

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