



IFAC
International Ethics Standards Board for
Accountants (IESBA)

Submitted through the IESBA website

Stockholm 31 October 2019

Proposed Revisions to the Code to Promote the role and Mindset Expected of Professional Accountants

FAR, the Institute for the Accountancy Profession in Sweden, has been invited to comment on the IESBA's exposure draft *Proposed Revisions to the Code to Promote the Role and Mindset of the Professional Accountants*. FAR welcomes this opportunity to comment on the exposure draft.

Before responding to the IESBA's request for specific comments, FAR has a few general reflections.

To start with, the revised and restructured Code of Ethics has only recently entered into force. FAR has found that the application of the new Code takes some practice. It would be helpful to allow for a period of time for getting used to the new format of the Code without bringing on any new changes. In FAR's opinion, a Code of Ethic should have a certain stability and stand the test of time without constantly being changed and revised – even if the changes are improvements.

FAR would also like to remind the IESBA of its overall goal with the revision of the Code, which was to increase the Code's usability and understandability. FAR is of the opinion that the current length of the Code is deterrent of its accessibility for the individual professional accountant. Changes that serve to lengthen the Code without adding to its usability should therefore be avoided. FAR has nothing against most of the proposed changes *per se*, but in some cases (particularly regarding the proposed changes in Section 100) questions whether the changes enhance the professional accountant's ability to apply the Code.

FAR's response to the IESBA's request for specific comments

Role and Values of Professional Accountants

1. Do you support the proposals in Section 100 that explain the role and values of the 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 high-lighted in these paragraphs?

FAR does not support those proposals and does not see the need of them. FAR finds that the current text is to the point, as it highlights the public interest aspect of a professional accountants' activities and points out that applying the Code enables professional accountants to meet their responsibilities to act in the public interest. The new text is lengthy, but not more to the point than the current text. The proposed text may serve as explanatory material for other stakeholders. In FAR's opinion, however, the Code should be written for the professional accountant seeking guidance, not for other stakeholders. Such explanatory material could be published by the IESBA as a guidance to the Code without adding more text to the Code.

Determination to Act Appropriately

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

FAR supports the addition of new application material relating to integrity, as it adds aspects of the concept of integrity that are more in line with the generally accepted definition than the current description. But, in FAR's opinion, acting with integrity should not be defined as a determination to act appropriately. It's the carrying out of the determination that is significant when defining integrity. Integrity should therefore be to act appropriately when confronting dilemmas or difficult situations. One way to express this might be: "Integrity also includes acting according to one's conviction of what is right when confronting dilemmas or difficult situations...".

Professional Behaviour

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 paragraphs 110.1 A1(e) and R115.1?

FAR has nothing against this addition and finds that it should be enough to further clarify the professional accountant's responsibility to act in the public interest without the proposed additions to Section 100.

Impact of technology

4. Notwithstanding that the IESBA has a separate Working Group that is exploring the implications of developments of technology, are there any additional matters relating to the impact of technology beyond the proposals in paragraphs 110.1 A1(b)(iii), 113.1 A2 and 120.12 A2 that you consider should be addressed specifically as part of the Role and Mindset project?

No. (FAR supports the proposals.)



Inquiring mind

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

FAR finds this to be a useful concept that describes an important aspect of the professional accountant's role and mindset.

Bias

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?*

FAR supports the approach to addressing bias and finds the list of examples adequate. However, FAR finds that the examples of concept of bias could be given separately in a guidance to the Code, where they could also be elaborated upon.

Organizational Culture

7. *Are there any other aspects about organizational culture in addition to the role of leadership that you consider should be addressed in the proposals?*

FAR agrees with the view that the internal culture of an employer can significantly impact whether professional accountants comply with the Code and act ethically. However, FAR finds the proposal to highlight the importance of a positive internal organizational culture superfluous in the context of the Code as this matter is dealt with in other standards. The Code should be addressed mainly to the professional accountant, not to the firm.

FAR's response to IESBA's Request for General Comments

(a) Small and Medium Entities (SMEs) and Small and Medium Practices (SMPs) –The IESBA invites comments regarding any aspect of the proposals from SMEs and SMPs.

FAR does not foresee that the changes will have any special impact on them. However, any changes of the Code create an administrative burden to take part of the new information and implement the changes among employees.

(b) Regulators and Audit Oversight Bodies

Not applicable.

(c) Developing Nations

Not applicable.

(d) Translations – Recognizing that many respondents may intend to translate the final pronouncements for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposed changes.

Some difficulties regarding the translation of "bias" and the examples of "bias" can be foreseen. "Public interest" is already a difficult concept to translate.



FAR would like to once again underline that changes to the Code should be avoided at this stage. Explanations and elaborations can be made in guidance documents. Existing guidance documents can be updated and revised to include more information on all of the proposed material, instead of expanding the Code. The proposed changes offer further guidance, but do not in FAR's opinion affect the end results of how a professional accountant applying the current Code will deal with an ethical dilemma.

Finally, FAR would also like to point out another reason to avoid adding new concepts to the Code, which is that these also risk adding a burden of further documentation to the professional accountant. Even if the Code does not explicitly require that a particular consideration to be documented, there is always a risk that if consideration of a particular aspect that is described in the Code is not documented an oversight body might find that the consideration has not been made.

FAR

A handwritten signature in blue ink that reads "Sara Orback".

Sara Orback
Secretary, FAR Ethics Policy Group