

November 11, 2019
Ref.: SEC/061/2019 - DN

To
International Ethical Standards Board for Accountants (IESBA)
545 Fifth Avenue, 14th Floor
New York, NY 10017
USA

Dear Sirs,

We, Ibracon – Instituto dos Auditores Independentes do Brasil (Institute of Independent Auditors of Brazil), appreciate the opportunity to comment on the Exposure Draft: Proposed Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountants.

Our comments are followed after the requests made in the respective ED.

Role and Values of Professional Accountants

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?

Yes, we support the proposals in Section 100. We understand these proposals are bringing to the Code more clarification on what is expected from the professional accountants. In addition, we could note that many of the proposals are being emphasized on the “action in the public interest” conditions.

In the beginning of proposals in paragraph 100.1 A1, states that professional accountants should be able to meet their responsibility to act in public interest. This responsibility condition is very broad and may be interpreted as different views depending on the experience and perception for each professional accountants about what would be “act in public interest”. Therefore, we suggest the Code may bring some examples and situation (or even a definition on this) on what would be in fact “act in public interest”.

Additionally, in the proposals made in paragraph 111.1 A2 (Integrity Subsection) related to when professional accountants confront dilemmas or difficult situations, some examples of dilemmas and which situation would be a “difficult situation” could be bring to the Section 100 in the Introduction. This movement of subsection would be valuable to the professional accountants understand better their responsibility and also may allow them to connect these dilemmas and difficult situation (examples to be provided) to the “act in public interest” condition.

Determination to Act Appropriately

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

Yes, we support the inclusion of the concept of determination to act appropriately in difficult situations and its position. However, see in our response above the suggestion about the inclusion of examples of dilemmas and difficult situations in the Introduction Subsection in paragraph 100.

Professional Behavior

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?

Yes, we do. Again, the profession's responsibility to act in public interest is being emphasized in this proposal paragraph. References to certain examples to be provided in Section 100 (as we mentioned in our first comment above) would be valuable to the professional accountants to get a comprehensive understanding about their responsibility.

Impact of Technology

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), 113.1 A2 and 120.12 A2 that you consider should be addressed *specifically* as part of the Role and Mindset project?

No comments on this topic.

Inquiring Mind

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

Yes, we agree with the concept of an inquiring mind. However, we would suggest a connection between this proposal concept "inquiring mind" with the examples of bias proposed in the paragraphs 100.12, since the professional accountants should also consider in their assessment when performing a judgement of the known facts and circumstances to apply properly the concept framework. In other words, the professional accountants should be aware of the risk of bias.

In addition, in the paragraph 120.5 A3 (a), the term "further investigation" used in the proposal may be interpreted as significant procedures and relevant techniques (e.g. forensics ones) to be applied by the professional accountants prior to conclude their assessment and judgement. Some translations of the Code for other jurisdictions where English is not the primary language, a misleading may occur on this actions to be made by the professional accountants.

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?

Yes, in general we support the approach. However, as we pointed out above, a connection should be made on inquiring mind paragraph with Bias proposals.

In relation to omitted some of them, we understand that automation bias definition is in its essence similar to the confirmation bias, since all information put in place more weight by professional accountants could be obtained from output generated from automated system.

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?

No comments on this topic.

General Comments

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

No comments.

• **Regulators and Audit Oversight Bodies – The IESBA invites comments on the proposals from an enforcement perspective from members of the regulatory and audit oversight communities.**

Not applicable.

• **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.**

Not applicable.

• **Translations – Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.**

As mentioned in the question #5 above, the term “further investigation” used in paragraphs 120.5 A3 (a) may be translated to other languages as significant procedures to be applied to the professional accountants.

We thank the opportunity to comment on this topic and let us know if you have any question.

Best Regards,



Francisco A.M. Sant'Anna
President



Valdir Renato Coscodai
Technical Director