



**MALAYSIAN INSTITUTE  
OF ACCOUNTANTS**

18 November 2019

Mr Ken Siong  
Senior Technical Director, International Ethics Standards Board for Accountants  
International Federation of Accountants  
529 Fifth Avenue  
New York, 10017 USA

Dear Ken Siong,

**INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS ("IESBA")  
EXPOSURE DRAFT, *PROPOSED REVISIONS TO THE CODE TO PROMOTE THE ROLE  
AND MINDSET EXPECTED OF PROFESSIONAL ACCOUNTANTS***

The Ethics Standards Board (ESB") of the Malaysian Institute of Accountants ("MIA" or "the Institute") welcomes the opportunity to provide comments in Appendix 1 on the International Ethics Standards Board for Accountants ("IESBA") Exposure Draft, *Proposed Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountants*.

We hope our comments would contribute to the IESBA's deliberation in finalising the Exposure Draft. If you have any queries or require clarification of this submission, please contact Rasmimi Ramli at +603 2722 9277 or by email at [rasmimi@mia.org.my](mailto:rasmimi@mia.org.my).

Thank you.

Yours sincerely,

**MALAYSIAN INSTITUTE OF ACCOUNTANTS**

**DR. NURMAZILAH DATO' MAHZAN**

Chief Executive Officer



Our comments to the questions are as follows:

*Role and Values of Professional Accountants*

**Q1. 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?**

We support the proposals in Section 100, which clearly explain the role and values of professional accountants.

However, paragraph 100.1 A1 states that “A professional accountant’s responsibility is not exclusively to satisfy the preferences or requirements of an individual client or employing organisation when performing professional activities”. We suggest that it would be clearer if there is a hierarchy of professional duties introduced whereby acting in the public interest comes ahead of duties to employer and clients. This would create a link between paragraphs 100.1 A1 and 100.1 A2.

In addition, as indicated in the stakeholder value proposition, public-interest focused activities are intended to achieve meaningful contribution towards the goal. It is therefore essential that the ‘public interest’ concept be defined and a ‘public interest framework’ be developed to assist the standard-setting boards to better understand and address different stakeholders’ needs.

*Determination to Act Appropriately*

**Q2. Do you support the inclusion of the concept of determination to act appropriately in difficult situations and its position in Subsection 111?**

We support the inclusion of the concept of determination to act appropriately in difficult situations.

However, we would suggest that safe harbour provisions or guidance be added to support the inclusion of this concept.

*Professional Behaviour*

**Q3. 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?**

We 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.

However, a clear definition of “public interest” is crucial to ensure consistent application as highlighted in our comments to Q1.



*Impact of Technology*

**Q4. 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?**

We believe that there is a need for additional guidance or safeguards to be provided on overcoming bias as illustrated in paragraph 120.12 A2. The mitigation suggested in Paragraph 120.12 A3 is good but appears to be the only safeguard in the document. Since it is almost impossible to remain objective when accountants are in a position of conflict of interest, we suggest that accountants should consider abstaining or removing themselves from such situations.

In addition, we suggest that there be greater clarity in the definition of “undue reliance” and guidance on how such undue reliance could happen in practice. For an individual in a senior management capacity, it is inevitable that there be a certain extent of reliance on individuals, systems or infrastructure. The suggested application guidance could include examples that illustrate undue reliance on:

- (a) individuals;
- (b) organisations; and
- (c) technology.

*Inquiring Mind*

**Q5. Do you agree with the concept of an inquiring mind as set out in the proposals in Section 120?**

We agree with the concept of inquiring mind as set out in Section 120.

However, we suggest that application guidance be introduced after Section 120.5 A5 to clearly differentiate between ‘inquiring mind’ and ‘professional skepticism’.

*Bias*

**Q6. 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?**

We support the approach taken in addressing bias.

However, similar to our comments to Q5, additional application guidance to differentiate between ‘inquiring mind’ and ‘professional skepticism’ would be helpful.

*Organisational Culture*

**Q7. Are there any other aspects about organisational culture in addition to the role of leadership that you consider should be addressed in the proposals?**

In addition to the role of leadership, we believe that a successful ethics compliance programme should include the following activities:

- (a) Policies and procedures
- (b) Tone at the top
- (c) Research and advisory
- (d) Whistleblowing channel
- (e) Risk assessment
- (f) Due diligence
- (g) Monitoring
- (h) Investigation