



31 October 2019

BOTSWANA INSTITUTE OF CHARTERED ACCOUNTANTS RESPONSE TO EXPOSURE DRAFT, *PROPOSED REVISIONS TO THE CODE TO PROMOTE THE ROLE AND MINDSET EXPECTED OF PROFESSIONAL ACCOUNTANTS*

Introduction

The Botswana Institute of Chartered Accountants is a statutory body established under the Accountants Act, 2010 for the regulation of the accountancy profession in Botswana. The BICA mission is to protect public interest through promoting the accountancy profession, supporting accountants, facilitating quality professional accountancy services through the monitoring and regulation of professional accountants.

The Institute appreciates the opportunity to make a contribution towards IESBA's Exposure Draft, Proposed Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountants. We provide our comments to each specific question as per the exposure draft.

Should you wish to have further engagements please do not hesitate to contact the undersigned.

Yours Faithfully

Signed electronically

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RESPONSES TO SPECIFIC QUESTIONS

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?**

100.1 A1

Inclusion of “professional activities” in the second sentence diverts from the essence of Code of ethics. Code of ethics seeks to guide *behaviour* and therefore stating that “...approach to professional activities...” seems to imply that guidance is provided on how to carry out engagements as opposed to how to behave during engagements. It is therefore recommended that the sentence be reconstructed to read thus:

“The Code sets out the ethical behaviours expected of professional accountants in carrying out professional activities”

The paragraph however, appropriately elucidates the role of the professional accountant to act in the public interest. By deletion of the sentence that talks to requirements and application material in the Code, a message is communicated that the Code is not conclusive, hence appropriately qualifying for introduction of “inquiring mind”.

100.1 A2

We agree with the value of professional accountants to the stakeholders contained in the paragraph. The paragraph further supports introduction of an inquiring mind in the Code as well as elaborating on “public interest” and basis of the trust the public has on the professional accountants.

That notwithstanding, the paragraph, does not refer to ethical behaviour or public interest and therefore is just a standalone with no relation to 100.1 A1 nor 100.1 A3. It is therefore, recommended that relation to concept in 100. 1 A1 be established in the paragraph.

100.2 A1

As indicated in the comment above regarding paragraph 100.1 A1, “... approach to professional activities...” is inappropriately used in the sentence as it seems to imply that guidance is provided on how to carry out engagements as opposed to how to behave during engagements.

It is therefore recommended that the sentence be reconstructed to read thus:

“The Code sets out the ethical behaviours expected of professional accountants in carrying out professional activities and to meet their responsibility to act in the public interest.”

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?***

Paragraph 111.1 A2 lacks basis for examples given. While the paragraph correctly refers to determination to act appropriately, it does not point out the importance of having supporting evidence for the action or contradicting evidence to that which is put before the professional accountant.

The whole paragraph should therefore be revised to communicate that determination to act appropriately ought to be based on supporting evidence for position held. Without this emphasis, it could be construed that the professional accountants can just stand their ground even without supporting evidence.

Location of the concept in Subsection 111 is appropriate as it relates to acting in straightforwardness, the essence of which is integrity.

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?***

We agree with the proposal as it continues to support emphasis on public interest.

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 further comments.

Inquiring Mind

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

We agree with introduction of inquiring mind in the Code. The concept gives requires the professional accountant to apply their mind in any given scenario without taking the Code as prescriptive.

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?**

Paragraph 48 of the Explanatory Memorandum rightly states the importance of being aware of one's bias. Biasness is an inherent risk in most professional engagements by accountants. It becomes imperative then for professional accountants to remain constantly cautious of this risk and means of which biasness can occur.

Groupthink as defined in paragraph 120.12 A2 does not spell out how biasness may occur in that scenario. Investopedia defines *Groupthink* as "a phenomenon that occurs when a group of individuals reaches a consensus without critical reasoning or evaluation of the consequences or alternatives". This definition is indicative of biasness that can occur as members of the team fail to consider other alternatives. It is recommended that the definition provided in paragraph 120.12 A2 be revised to talk to psychological definition.

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?**

We agree with elements identified and have no further additions.