



The Association of
Accountants and
Financial Professionals
in Business

April 15, 2015

International Ethics Standards Board for Accountants (IESBA)
(via IFAC Website)

Dear Members of IESBA:

The Committee on Ethics (CoE) of IMA[®] (Institute of Management Accountants) is pleased to submit its views to the International Ethics Standards Board for Accountants (IESBA) on its Exposure Draft, *Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles* (ED). We further wish to emphasize and augment some of our previous general comments about other aspects of the Code.

IMA is a global association representing more than 75,000 accountants and financial professionals in business. Our members work inside organizations of various sizes, industries, and types, including manufacturing and services, public and private enterprises, not-for-profit organizations, academic institutions, government entities, and multinational corporations.

The CoE is IMA's technical committee on ethics-related matters. It is responsible for encouraging IMA members, their organizations, and other individuals to adopt, promote, and execute superior business practices in management accounting and finance consistent with IMA's mission by advocating the highest ethical principles. It maintains and promotes IMA's principal business and ethics guidance, the *IMA Statement of Ethical Professional Practice*, and oversees the administration of IMA initiatives designed to ensure compliance with the *Statement*. It also reviews and responds to research studies, statements, pronouncements, proposals, and other documents issued by domestic and international agencies and organizations.

Summary

We wholeheartedly uphold IESBA's overarching objective to serve the public interest by setting high-quality ethics standards for professional accountants. We agree that the Code should provide ethical requirements and guidance to help meet its responsibilities. However, we believe the Code is becoming overly detailed, prescriptive, and lengthy, thus hard for many professional accountants in business (PAIBs) to use. Simplifying and summarizing the Code would make it more easily usable by all PAIBs, while keeping it principles based.

As commented previously on January 23, 2015, we agree with several of the improvements contained in the Board's Consultation Paper. Implementation of these changes would significantly alter the framework and content of Part C and should be determined prior to adoption of the current ED.

We believe that applications of the "threats and safeguards" approach underlying the Code in its current format should be reconsidered for Part C, as their guidance may not be helpful guidance to many PAIBs. We further believe that the overall focus of the ED is placed on the preparation and reporting of historical financial information, whereas many of the more important functions of PAIBs involve the future, through performance estimates, forecasts, outlooks, guidance to investors and creditors, and providing financial support for operating decisions.



Discussion of Specific ED Provisions

320.4 should be clarified to state that the financial information is intended for a public audience and the requirement to include reporting of specific data should exclude cases where it is not required by other professional standards. The ED should also reference the need for confidentiality of nonpublic information. Decision-support information for internal purposes should be recommendatory and not enable managers to “form their own judgments” about the relevance of information provided.

320.7 should suggest consulting the individual PAIB’s own legal counsel, not one affiliated with or employed by their employer.

320.8 should add “all possible options” and “after obtaining relevant legal advice.”

370.6 second bullet is unrealistic and is not likely to cause a favorable outcome and therefore should be deleted.

370.6 third bullet is clear and complete in its first sentence. The example is not likely to be helpful and should be deleted.

370.6 last bullet should be conformed to our recommended change in 320.7.

370.9 appears redundant and adds to the unnecessary bulk of the Code.

Answers to Request for Specific Comments – 320

1. Yes, the enhanced guidance is helpful.
2. Yes, we support the guidance in 320.3 and suggest no other considerations.
3. Please see our comments above regarding 320.4 and 320.8.
4. Yes, we agree.
5. Please see our comments above regarding 320.8.

Answers to Request for Specific Comments – 370

1. Yes, we agree.
2. Yes, we agree.

Request for General Comments

- a. We believe the Code is becoming overly prescriptive and lengthy, thus hard to use. We recommend the Code be revamped to be more straightforward and simpler for PAIBs to use. We further recommend preparation of a summary of its principles for handy reference.



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We would be pleased to discuss our comments at your convenience.

Yours very truly,

A handwritten signature in black ink that reads "Curtis C. Verschoor".

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