

27 January 2015

Mr Ken Siong,
Technical Director,
International Ethics Standards Board for Accountants,
529 Fifth Avenue, 6th Floor,
New York,
NY 10017,
USA.

Dear Mr Siong

Comment Letter *Improving the Structure of the Code of Ethics for Professional Accountants*

Crowe Horwath International is delighted to present a comment letter on the Consultation Paper *Improving the Structure of the Code of Ethics for Professional Accountants*. Crowe Horwath International is a leading global network of audit and advisory firms, with members in some 118 countries.

We welcome the Consultation Paper presented by IESBA and the efforts that IESBA is making to improve the usability of the Code. The suggestions made in the paper represent a “step in the right direction” and if developed further should help to achieve IESBA’s stated aims regarding adoption, effective implementation and consistent application. We do observe below that IESBA has to continue to support the written word of the Code through other means of communication and engagement in order to achieve the desire level of adoption, effective implementation and consistent application.

We address below the specific matters detailed in the IESBA’s request for comments.

General Provisions

1. *Do you believe that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples, would be likely to achieve IESBA’s objective of making the Code more understandable? If not, why not and what other approaches might be taken?*

The illustrative examples are clear and easy to follow. The approach appears to be well structured and properly cross-referenced to the glossary and other paragraphs in the Code. We would agree that the approach taken helps to make the Code more understandable.

2. Do you believe that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples would be likely to make the Code more capable of being adopted into laws and regulations, effectively implemented and consistently applied? If not, why not and what other approaches might be taken?

In principle, if the Code is clearer, then this will ease adoption, effective implementation and consistent application. The proposed reorganisation is a step towards achieving this, but IESBA has to support the printed word by continuing to communicate through presentations, outreach and other media, the meaning and interpretation of the Code. However the Code is written, culture, tradition and language will continue to have an impact upon adoption, implementation and application.

3. Do you have any comments on the suggestions as to the numbering and ordering of the content of the Code (including reversing the order of extant Part B and Part C), as set out in paragraph 20 of the Consultation Paper?

We see no issues with the numbering and ordering. It is sensible to group together the material related to practice.

4. Do you believe that issuing the provisions in the Code as separate standards or rebranding the Code, for example as International Standards on Ethics, would achieve benefits such as improving the visibility or enforceability of the Code?

The term “Code of Ethics” is well known and well established. We see no point in changing the name. If there are issues about visibility or enforceability, then these must have more fundamental causes than nomenclature.

5. Do you believe that the suggestions as to use of language, as reflected in the Illustrative Examples, are helpful? If not, why not?

The suggestions for improving the use of language are a sensible effort to help with the understanding of the Code. We welcome the alignment of terminology with the IAASB.

Links to terms should be provided. The way that the term “audit” is used makes sense.

If IESBA has not already done so, it is important that it consults specifically with users of the Code whose first language is not English, with the specific aim of understanding the extent to which changes in the use of English will help with translation and interpretation.

6. Do you consider it is necessary to clarify responsibility in the Code? If so, do you consider that the illustrative approach to responsibility is an appropriate means to enhance the usability and enforceability of the Code? If not, what other approach would you recommend?

It is important that IESBA clarifies responsibility in the Code. The cross-references to ISQC 1 are appropriate, but the IAASB and IESBA should collaborate on clarifying responsibilities relating to independence and ethics and presenting relevant illustrative examples. Illustrative examples will help address the issues arising from “size, structure and organisation”.

7. Do you find the examples of responsible individuals illustrated in paragraph 33 useful?

The list of examples of responsible individuals is helpful. IESBA should develop this list as it proceeds with the reorganisation of the Code.

8. *Do you have any comments on the suggestions for an electronic version of the Code, including which aspects might be particularly helpful in practice?*

An electronic version of the Code is essential. Paragraph 38 sets out good opportunities for having an electronic Code. The case for the electronic version being the “official” version is strong. Solutions to the specific needs for “traditional” presentations of the Code can be found.

9. *Do you have any comments on the indicative timeline described in Section VIII of this Paper?*

We agree with the indicative timeline.

10. *Do you have any other comments on the matters set out in the Consultation Paper?*

We have no further comments.

We trust that our comments assist the IESBA in their project to improve the usability of the Code. We shall be pleased to discuss our comments further with you.

Kind regards

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Chitty', written in a cursive style.

David Chitty
International Accounting and Audit Director