



28 January 2013

Mr. Roger Tabor  
Chair of the Professional Accountants in  
Business (PAIB) Committee  
International Federation of Accountants  
529 5th Avenue, 6th Floor  
New York, New York 10017  
USA

Ref.: AKI/HBL/LFU/PCO

Dear Mr. Tabor,

**Re: FEE comments on PAIB Committee Exposure Draft: "PAIB Strategy and Work Plan for 2013-2016"**

- (1) FEE (the Federation of European Accountants) is pleased to provide you with its comments on the Professional Accountants in Business (PAIB) Committee Exposure Draft "PAIB Strategy and Work Plan for 2013-2016" ("the Plan") with proposals including specifics for planned projects and initiatives.

General comments

- (2) We welcome the opportunity to comment on the Plan regarding Professional Accountants in Business. We believe it is an area of increasing importance within the accountancy profession as professional accountants in business play a fundamental role in improving the governance and sustainability of businesses and organisations.
- (3) We are supportive of the overall vision and strategic objectives of the Plan. However, taking the work programme as a whole, most projects relate to ethics, governance and reporting. While FEE believes these are important areas of focus, it may be worth questioning whether there is an overall imbalance in the agenda relative to other projects relating to core management accounting topics. For example, in addition to focusing on financial and non-financial reporting and management reporting, projects looking at the potential of good performance management in the public sector could be of great interest as well.
- (4) Our comments are centred around what in our view are key areas of the Plan and for which we have identified specific comments as presented below.
- (5) In general, we would welcome future co-operation with IFAC, for instance if we could be of any help in providing a European perspective on any of the specific projects, we would be delighted to collaborate.

## Specific comments

### **Areas of focus**

#### ***Public sector and Corporate Social Responsibility (CSR)***

- (6) We agree with the six areas of strategic importance to the PAIB constituency (as identified on page 11 of the Plan); roles, domain, and competency of professional accountants; governance and ethics; risk management and control; sustainability and corporate responsibility; fiscal and performance management; and business reporting.
- (7) In addition, in our view public sector performance management is a topic which should be looked at. The public sector is an area of increasing relevance in its role towards ensuring a sustainable economy and contributing to improving transparency of reporting.
- (8) Under the particular target outcome for IFAC on "Enhanced credibility of and accessibility to financial and non-financial information", the Plan highlights "Focusing on the profession's role in supporting accounting for sustainability and embedding sustainability considerations into decision-making" as the Service Delivery by the PAIB Committee (on page 7 of the Plan). In this respect, we believe that the Plan could clarify the important link between professional accountants in business and their role in corporate social responsibility (CSR). For instance, the role that accountants could play in improving and implementing best CSR practices. Therefore, in our view the Plan would benefit from reflecting this link further, including specific initiatives and projects in this area.

#### ***IESBA Code of Ethics for Professional Accountants***

- (9) We support the PAIB Committee's involvement in the International Ethics Standards Board for Accountants (IESBA)' review of Section C of the Code of Ethics for Professional Accountants (the Code of Ethics), which is specifically focusing on professional accountants in business. We welcome that this action is in the Plan as the main Service Delivery by the PAIB Committee under the Target Outcome "Strong ethical behaviour demonstrated by professional accountants" (on page 7 of the Plan).
- (10) In respect of the review of Section C of the Code of Ethics, we would like to highlight that FEE does not support the recently proposed changes in the IESBA Exposure Draft on "Responding to a Suspected Illegal Act" including also proposals to change Section C of the Code of Ethics<sup>1</sup>, as this would be very difficult to apply in business.

#### ***Integrated reporting***

- (11) FEE has been actively following the developments around integrated reporting and contributed with interest to the work of the International Integrated Reporting Council (IIRC), as a major step forward in corporate reporting. FEE supports the development of integrated reporting and looks forward to contributing to further consultations, including on the governance of the IIRC as an important element in the development process and in the next steps towards the creation of an integrated reporting framework and its adoption.
- (12) In this context, we particularly welcome the specific Service Delivery identified by the PAIB Committee to support the development of the Integrated Reporting Framework and providing a preparer's perspective to facilitate the implementation of integrated reporting; supporting the IIRC's technical projects through collaboration (on page 7 of the Plan).

<sup>1</sup> The FEE Comment Letter with comments on the IESBA Exposure Draft "Responding to a Suspected Illegal Act" is available at: [http://www.fee.be/publications/default.asp?content\\_ref=1574&library\\_ref=4](http://www.fee.be/publications/default.asp?content_ref=1574&library_ref=4)

- (13) We agree as noted in the Plan that professional accountants in business have an important role to play in both enabling integrated reporting within organisations and facilitating integrated governance and thinking.

#### ***Future corporate reporting***

- (14) We are of the opinion that accountants in business could contribute to the enhanced credibility and accessibility of financial and non-financial information by both being pro-active and re-active to initiatives of other organisations. They could contribute to the developments surrounding new disclosure frameworks like for example implementation guidance on non-financial information (not only CSR aspects) included in the narrative section of the annual report. They could also share their valuable knowledge and ideas when developing an integrated IT reporting tool that could possibly standardise financial reports. Therefore, we strongly support the plan to influence effective business reporting practices (page 24 of the Plan).
- (15) Having said that, we do realise accountants in practice could, apart from external reporting, enhance internal management accounting practices. The work Plan could probably be more explicit in differentiating management and external reporting.
- (16) In the current evolving corporate reporting environment we particularly welcome the pro-activeness of the PAIB Committee. FEE agrees that developing "a paper on the future roles and expectations of senior financial officers and professional accountants in business in 2020/2025" is a good starting point. The profession acts in the public interest and needs to understand not only the expectations users and society have, but also the future roles it is likely to be charged with.

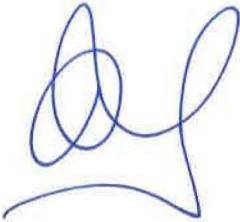
#### ***Corporate Governance***

- (17) FEE fully concurs on the importance of the five proposed project activities linked to the objective of "strong organisational governance and management structures". However, the first one (namely, "continuing to provide the profession a framework of fundamental principles on how professional accountants in business contribute to evaluating and improving governance in organisations") could be analysed as more important than the other four ones, and this should be stressed in some way or another in the Plan.
- (18) As suggested above, overall, FEE agrees with this part of the PAIB agenda. Nevertheless, it may be worth questioning whether the balance of the agenda needs to be re-addressed so that there is not only more focus on financial and non-financial reporting and management reporting, but also for instance on good performance management in the public sector.
- (19) FEE is supportive of the project to develop an international public sector governance framework, but questions whether it really sits within the remit of the PAIB Committee. In our view, it should be the International Public Sector Accounting Standards Board (IPSASB) looking at this project in the first place with input from the PAIB Committee.
- (20) FEE is very supportive of the other work to facilitate international convergence of risk and control standards as well as the comparisons project.



For further information on this FEE<sup>2</sup> letter, please contact Hilde Blomme, FEE Deputy Chief Executive Officer, on +32 2 285 40 77 or via email at [hilde.blomme@fee.be](mailto:hilde.blomme@fee.be) from the FEE Secretariat.

Yours sincerely,



André Killesse  
FEE President

---

<sup>2</sup> FEE is the Fédération des Experts comptables Européens (Federation of European Accountants). It represents 45 professional institutes of accountants and auditors from 33 European countries, including all of the 27 European Union (EU) Member States. In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 700.000 professional accountants, working in different capacities in public practice, small and big firms, government and education, who all contribute to a more efficient, transparent and sustainable European economy.

FEE's objectives are:

- To promote and advance the interests of the European accountancy profession in the broadest sense recognising the public interest in the work of the profession;
- To work towards the enhancement, harmonisation and liberalisation of the practice and regulation of accountancy, statutory audit and financial reporting in Europe in both the public and private sector, taking account of developments at a worldwide level and, where necessary, promoting and defending specific European interests;
- To promote co-operation among the professional accountancy bodies in Europe in relation to issues of common interest in both the public and private sector;
- To identify developments that may have an impact on the practice of accountancy, statutory audit and financial reporting at an early stage, to advise Member Bodies of such developments and, in conjunction with Member Bodies, to seek to influence the outcome;
- To be the sole representative and consultative organisation of the European accountancy profession in relation to the EU institutions;
- To represent the European accountancy profession at the international level.

Avenue d'Auderghem 22-28, B-1040 Brussels

Tel: +32 (0)2 285 40 85

Fax : +32 (0)2 231 11 12

[secretariat@fee.be](mailto:secretariat@fee.be)

[www.fee.be](http://www.fee.be)

Association Internationale reconnue par Arrêté Royal en date du 30 décembre 1986