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Our Ref: PSD/TS/ED04/2015

Monday, 13 April 2015

Ken Siong,
Technical Director,
International Ethics Standards Board for Accountants
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York 10017

Email: KenSiong@ethicsboard.org

Dear Ken,

RE: Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles

The Institute of Certified Public Accountants of Kenya (ICPAK) welcomes the opportunity to comment on the Exposure Draft (ED) – Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles; issued by the International Ethics Standards Board for Accountants (IESBA).

The Institute believes that the proposed changes enhance the code in relation to professional accountants in business, who play a fundamental role in the financial reporting supply chain and facilitate effective governance in organizations.

We have included our responses to each of the questions set forth in this ED, in an appendix to this letter.

If you would like to discuss these comments further, please contact the undersigned on icpak@icpak.com or nixon.omindi@icpak.com.

Yours sincerely,

Nixon Omindi
For Professional Standards Committee

Request for Specific Comments

The IESBA would welcome views on the following specific questions:

Proposed Revised Section 320

1. Is the enhanced guidance on applying the “fair and honest” principle in Section 320 helpful?

Yes - We believe that the enhanced guidance on applying the “fair and honest” principle in section 320 is very useful. However, the Board should consider linking this section to the fundamental principle of integrity – “to be straightforward and honest in all professional dealings.”

2. In particular, do respondents support the guidance in paragraph 320.3 addressing the issue of misuse of discretion in a manner that is intended to mislead? If not, please explain why. Are there any other considerations relating to this issue that should be addressed in Section 320?

Yes – We have no additional considerations to add.

3. Paragraph 320.4 provides guidance as to what PAIBs are expected to do ethically in order to prepare or present fairly and honestly information that does not have to comply with a relevant reporting framework. Is this guidance sufficient? If not, what further guidance could Section 320 usefully provide?

Yes. In our view, the guidance is sufficient.

4. Do respondents agree that where a PAIB relies on the work of others, the PAIB should be required to take reasonable steps to be satisfied that such work enables the PAIB to comply with the overarching principle in paragraph 320.2?

Yes

5. Do respondents agree with the guidance proposed in paragraphs 320.6 and 320.7 regarding disassociation with misleading information? Are there other actions that could be specified?

Yes

Proposed Section 370

1. Do respondents agree with the overarching requirements in paragraphs 370.1 and 370.2?

Appendix – ICPAK’s Submission on the IESBA Exposure Draft ED - Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles

We agree with the overarching requirements expressed in paragraphs 370.1 and 370.2.

2. Are the illustrative examples of types of pressure that could result in a breach of the fundamental principles in paragraph 370.4 helpful?

We agree that - the illustrative examples of types of pressure that could result in a breach of the fundamental principles in paragraph 370.4 helpful and support their inclusion.

3. Is it sufficiently clear that Section 370 addresses pressure that could result in a breach of fundamental principles, as opposed to the routine pressures that exist in the workplace? In particular, does paragraph 370.5 provide sufficient guidance to assist the PAIB in making that distinction? If not, what other considerations should the PAIB take into account?

The examples of types of pressures that could result in a breach of the fundamental principles 4 helpful, and we are supportive of this guidance.

4. Do respondents find the guidance in paragraph 370.6 on responding to pressure that would result in a breach of the fundamental principles helpful? Are there other actions that should be considered?

Yes

5. Are the references to other sections of Part C of the Code, in paragraph 370.9, helpful?

Yes – the references to other sections of Part C of the Code that are included in paragraph 370.9 were helpful, and we support the inclusion of this paragraph.