



**ASOCIACION INTERAMERICANA DE CONTABILIDAD  
INTERAMERICAN ACCOUNTING ASSOCIATION  
ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE**

Santa Cruz- Bolivia, April 15th, 2015

International Ethics Standards Board for Accountants (IESBA).  
529 5th Avenue, 6th Floor  
New York, New York 10017

REF: **Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles.-**

Dear Member Body:

The Interamerican Accounting Association (AIC) welcomes the opportunity to comment on the Consultation Paper **Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles**

This response summarizes the point of views of the different member bodies of the AIC and members of the Inter-American Ethic Committee.

All comments received from the Inter-American Committee on Ethic and the OP were compared and discussed, before preparing a consensus answer.

**General Comments**

Decisively support the initiative of IESBA on this issue, as continuing professional development is very important for professional competence that professional accountants are required to demonstrate when performing the role of an engagement partner responsible for audits of financial statements.

If you have any questions on our comments, please contact us.

Sincerely,

Gustavo Gil Gil  
**CHAIRMAN**



# ASOCIACION INTERAMERICANA DE CONTABILIDAD INTERAMERICAN ACCOUNTING ASSOCIATION ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE

## Comment Letter of the Interamerican Accounting Association - AIC on public discussion paper referred to: Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles

According to the instructions in the document, we have answered questions included in it. Please see our responses and comments listed below.

### Request for Specific Comments

The IESBA would welcome views on the following specific questions:

*Proposed Revised Section 320*

1.

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

A. **The guide improves compression fundamental principle to specify that it should prepare or present information in a way that is not intended to mislead or influence inappropriate contractual or regulatory outcomes or omit information with the intention of making that information is misleading. The added explanation helps better understand the application.**

**However it seems that the new wording frames the performance of accounting professionals in a fair value. This concept is very ambiguous and wide, fair for each person is different. For example many people may think paying particular tax is unfair and for others may be fair value and that line is not clearly framed.**

2.

Q. 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.

A. **Yes, we agree at the first time.**

Are there any other considerations relating to this issue that should be addressed in Section 320?

A. **We think, It should say that the practitioner must prepare the information in accordance with laws and techniques applicable.**

3.

Q. 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?

A. **We find that the standard provides sufficient guidance for cases that estimates and requires enhanced disclosures in reports, mainly because information preparing PAIB must comply with the conceptual framework based on the presentation of information to be used by stakeholders, including internal or organizational use.**

**The paragraph should also oblige professionals warn that if estimates, these cannot be met, so always be taken with some skepticism the same risk.**

4.

Q. 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?

A. **Again we believe that the concept of fair is very broad and ambiguous. That's fair for some, It not for others. So we think it should be used faithful and honest.**



**ASOCIACION INTERAMERICANA DE CONTABILIDAD  
INTERAMERICAN ACCOUNTING ASSOCIATION  
ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE**

A PAIB, when based on the work of others, you must ensure that the preparation or submission of information will in a way that is fair and honest, in accordance with the fundamental principles.

5.

Q. 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?

A. **We think that this paragraph supports transparency of the profession, but the steps do not guide the professional to a drastic decision after discussing with senior management and management of the organization and not achieve satisfaction on misleading information, and after finding no answer Pro management and in case of belonging to the organization, the inevitable happened, is that the professional can give up the work you do to avoid linking, whether acting as dependent or independent, as in many countries, are protected by professional secrecy or confidentiality.**

When the candidate has evaluated the existence of misleading information, the complaint of misleading facts is mandatory, when the laws of each country so require, as an example failure to report the criminal law in Guatemala, but preventing from being sanctioned for not keeping professional secrecy or in breach of confidentiality.

*Proposed Section 370*

1.

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

A. **We think that these paragraphs provide valuable support to the protection of fundamental principles.**

**In addition, an accountant can not only must know how to face professionally, situations of pressure coming from the same organization or external to third parties and address threats; likewise, should not exert pressure..**

**Professional is precisely the constant pressure by the market and by the entities to whom it serves, as well as by their superiors. Clearly the strength of business regarding procedures to allow the auditor to inquire about their relationships with third parties in the case of independent practice as well as in the case of work in the public sector; corruption is a high risk which can be involved the practitioner, it is important that the Code of Ethics provides specific guidelines for the professional front pressure and is supported by professional standards to defend their position, especially when the pressure can result in a violation of the Fundamental Principles of Ethics.**

2.

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

A. **We find that the examples provide valid situations to protect the fundamental principles.**

3.

Q. 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?

A. **Paragraph 370.5 provides the counter sufficient to distinguish the usual pressures that exist in the workplace that could be violations of fundamental principles orientation.**

**While we think you should consider that PAIBs, are required by law to observe professional secrecy (fundamental principle of confidentiality) as a measure to consider is the renunciation of work, an option that has always existed.**



# ASOCIACION INTERAMERICANA DE CONTABILIDAD INTERAMERICAN ACCOUNTING ASSOCIATION ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE

4.

- Q. 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?
- A. We agree with the mechanisms established under this paragraph. You must also consider the possibility of recourse to appropriate government regulatory controllers or entities that may provide protection against imminent danger of being involved and responsible for the situation created.**

5.

- Q. Are the references to other sections of Part C of the Code, in paragraph 370.9, helpful?
- A. references contained in paragraph 370.9 are useful. Basically referred to a system that guides the user, which directs the search for references and standards.**

## Request for General Comments

In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below:

(a)

- Q. *Preparers (including Small and Medium Entities), and users (including regulators)*—The IESBA invites comments on the proposed changes from preparers (particularly with respect to the practical impacts of the proposed changes), and users.
- R. The proposed changes, directed by details, references and examples, the proper understanding and interpretation of the parties modified in implementing the code of ethics of the counter to practice as an independent or dependent of an organization in the preparation or submission of information. Users will provide reliability with respect to the information provided by accountants creating a practical security framework.**

However, most Latin American companies are small and medium enterprises, and the principles and ethical standards are the problem, the lack of support of corporate governance and structure, and are not interested in adopting international standards where PAIBS interact with companies that do not contain all the mechanisms of transparency, but who need services, without this constituting fraud and error.

The Code should contain a section that includes safeguards and exceptions for professionals who interact with these customers.

(b)

- Q. *PAIBs working in the public sector*— Recognizing that many PAIBs work in the public sector, the IESBA invites respondents from this constituency to comment on the proposed changes, and in particular, on their applicability and usefulness in a public sector environment.
- A. We believe that countries, working in the public sector, must also respect and act on current ethical regulations and those currently proposed.**

The performance of accountants in the public sector have similar characteristics in terms of responsibility to issue reports on the fundamental principle.

(c)

- Q. *Developing Nations*—Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular, on any foreseeable difficulties in applying them in their environment.
- A. Professional guilds, in our countries are identified as Schools or Professional Institutes which provide in its bylaws for the exercise of the profession, the "Code of Ethics" which is binding and taken as a reference source global ethics code, published by IFAC produced by the IESBA, which in some Latin American countries are in the process of adoption and others have already been adopted.**



**ASOCIACION INTERAMERICANA DE CONTABILIDAD  
INTERAMERICAN ACCOUNTING ASSOCIATION  
ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE**

(d)

Q. *Translations*—Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposed changes.

**A. The code issued by the IASB, must be officially translated into other languages such as Spanish, basically to avoid the problem of semantics that allow better interpretation and application.**