



Consiglio Nazionale
dei Dottori Commercialisti
e degli Esperti Contabili

IAESB – International Accounting Education Standards Board

IES 4

Professional Values, Ethics and Attitudes

Proposed Revised International Education Standard

Comments

July 2011



The Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (CNDCEC), which is the Italian representative organisation of the accountancy profession, welcomes the opportunity to provide comments to the Proposed Revised IES 4 developed by IAESB.

While expressing its appreciation for the proposed changes, which aim at ensuring a greater attention to ethical and deontological issues, CNDCEC proposes the following brief comments to the questions raised by IAESB.

Q1. Is the proposed requirement for reflective activity in relation to ethics education appropriate?

A1. CNDCEC appreciates the introduction of reflective activity on ethical themes as a formal requirement in the educational path of trainees and professionals; in our belief, this activity can contribute to a more authentic development of attitudes consistent with the values of professional ethics. It probably will be a challenge to elaborate in concrete the ways in which this activity can be documented.

Q2. Does this requirement raise implementation issues?

A2. CNDCEC believes that it is necessary to identify specific measures to allow the implementation of this requirement, even considering possible difficulties in translating this term.

Moreover, in addition to the opportunity of discussing some case studies – previously identified – relating to the different professional activities, we also point out the possibility to assign to the relevant professional body the function to assist professionals on ethical and deontological issues arising from the practice.

Q3. Is the objective to be achieved by a member body, stated in the proposed revised IES 4, appropriate?

A3. CNDCEC agrees that the professional bodies should provide for measures which enhance the development of professional values and ethics throughout the professional career.

As to trainees, professional bodies could provide for these educational tools within their sphere of competence. Considering the regulations of some professional bodies, we point out the possibility to require that part of the compulsory continuous professional development is devoted to the careful analysis of ethical and deontological issues relating to the profession.

Furthermore, in order to enhance the consciousness of the social importance and ethical value of the accountancy profession from the very moment of the professionals' enrollment, it could be useful to introduce the following measures:

- The handover of a copy of the Code of Ethics at the moment of the enrollment;
- The drafting of a solemn declaration whereby the applicants commit themselves to comply with ethical requirements.



In this regard, the CNDCEC recommended the adoption of such measures to the local professional chapters, in order to promote in professionals the habit to consult the Code of Ethics in the exercise of their profession.

Q4. Have the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and consistently, such that resulting requirements promote consistency in implementation by member bodies?

A4. CNDCEC underlines that the introduction of a formal assessment of the education program containing professional values, ethics and attitudes is essential to ensure that the requirements set by the Standard are actually implemented. In this regard, we point out that CNDCEC evaluates and approves *ex ante* the education programs prepared by the local professional chapters; we believe that this practice helps to ensure that the requirements set by the Standard are appropriately implemented.

Q5. Are there any other terms within the proposed IES4 which require further clarification? If so, please explain the nature of the deficiencies?

A5. In relation to Paragraphs 1 and 3, CNDCEC considers it appropriate to further clarify the scope of IES4 as to trainees and professionals and their respective education, in order to avoid any overlapping and repetition of concepts.

In relation to Para. 7, pertaining “public interest”, we consider it appropriate to give a wider vision of the role of accountancy profession, considered as a profession which can contribute to the community benefit, even in the light of the recent considerations about the concept of “public interest” made by IFAC¹. Thus, we believe it could be appropriate to remove from Para. A7 the reference to “capital markets”; the concept of “public interest” extends in fact beyond capital markets and also includes fairness and dynamics of transactions in the economy in general.

In relation to Para. 12, CNDCEC appreciates the introduction of an assessment process of the education program on professional values, ethics, and attitudes; nevertheless, it could be appropriate to list in Para. A19 some possible measures which professional bodies can adopt to carry out the assessment. In this regard, see also our answer to the previous question.

Comments and other matters

Translation

In relation to the translation of the Standard, we point out that the chosen term is not easy to grasp and could cause some difficulties for the translation into other languages.

In relation to Para. 10, we propose to introduce in the text “the ability to explain to the client the ethical issues and implications relating to the professional practice.”

In relation to bullets 6 and 7 in Para. 10, our proposal is to replace the verb “compare” with “explain”.

¹ Cf. “A Public Interest Framework for the Accountancy Profession” – Exposure Draft – IFAC, November 2010