

February 28, 2014

Mr. Jörgen Holmquist
Chair
International Ethics Standards Board for Accountants
By e-mail: chrisjackson@ifac.org

Re: Proposed IESBA Strategy and Work Plan, 2014-2018

Dear Jörgen,

The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) values the opportunity to comment on the International Ethics Standards Board for Accountants (IESBA, the Ethics Board)'s proposed [Strategy and Work Plan, 2014-2018](#), which lays out four proposed strategic themes to reflect the Ethics Board's vision for the medium to longer term and to guide its work plan over the five-year period. The PAIB Committee seeks to provide the perspective of professional accountants in business, which is further elaborated in Appendix A.

Overall Comments

The PAIB Committee values the importance of the Ethics Board's work to professional accountants in business. According to the PAIB Committee, the strategic themes for 2014–2018 seem appropriate—particularly in relation to communicating and supporting the appropriate application of the principles of the *Code of Ethics for Professional Accountants* (the Code). If the PAIB Committee were to choose a top priority, it would be "Promoting and facilitating adoption and effective implementation of the Code." Our recommendation is less change and more engagement to raise awareness of the requirements of the Code to aid effective implementation.

The PAIB Committee is happy to offer the following additional suggestions.

(i) Maintaining a high-quality Code of Ethics for application by professional accountants globally

The proposed strategy indicates that the Ethics Board believes it is important to take into account the particular perspectives of the small- and medium-sized practice (SMP)/small- and medium-sized entity (SME) constituency when it sets standards. It, therefore, plans to liaise closely with the IFAC SMP Committee and seek its input on projects and initiatives of relevance. We feel the importance of taking into accounting particular perspectives also applies for professional accountants in business and, therefore, invite the Board to continue working closely with the PAIB Committee as well.

(ii) Promoting and facilitating the adoption and effective implementation of the Code

We are happy that the Ethics Board's focus is not only on issuing new standards but address outreach to promote the revised Code and raise awareness of its robustness among stakeholders. Individual professional accountants may find it difficult to apply the main principles of the Code and translate them into daily practice. Therefore, we call for additional efforts to ensure awareness by professional



accountants themselves and help them adhere to the Code, for example, by supporting IFAC Member Bodies through the provision of best practice guidance, staff publications, etc., which can be adapted for their membership and coordinated through the IFAC Global Knowledge Gateway. This should be, in our opinion, a priority before reaching out to other stakeholders.

The current work plan shows many projects to issue new standards, which are expected to continue over the full work period. Therefore, we are concerned that the awareness and support of professional accountants in adhering to the Code might not receive sufficient attention. The work plan lists this activity as another initiative instead of as a separate project stream. This introduces the risk of insufficient time and resources remaining to deal with this important issue.

(iii) Evolving the Code for continued relevance in a changing global environment

The PAIB Committee agrees with the Ethics Board that recognizing the importance of having a dynamic work plan enables it to respond to the new developments as they occur, which means maintaining flexibility.

(iv) Increasing engagement and cooperation with key stakeholders

The PAIB Committee believes that the actions in (ii) and (iii) above should support this, as they would or should reinforce each other.

Specific questions from the Exposure Draft

a) Do you support the four work streams the Board added to its SWP in 2012, i.e., Long Association, Non-Assurance Services, Review of Part C, and Structure of the Code (See Section II)? If not, please explain why.

Yes. Particular attention should be given to rebalancing the Code to ensure that relevant issues pertaining to professional accountants in business are addressed, and to demonstrate parity across various groups of professional accountants, with particular reference to Part C of the Code—Professional Accountants in Business.

With respect to the revision of Part C, the PAIB Committee generally feels that especially section 320 should also be relevant for professional accountants in business involved in operational performance reviews, decision-support analysis, and budgeting and forecasting, as well as those in internal audit. Section 320 should provide guidance to professional accountants in business enabling them to consider situations where they could be confronted with pressure to mislead and how to respond.

Through the participation of PAIB Committee member Ian Rushby in the IESBA Task Force on Review of Part C of the Code, and supported by IFAC staff, the PAIB Committee is happy to continue providing direct support to the task force and input into the IESBA revision of part C of the Code.

(b) Are the strategic themes identified for the period 2014-2018 appropriate? If not, please explain why.

See our general comments above.



(c) Are the actions identified with respect to each strategic theme, and their relative prioritizations, appropriate? If not, please explain why.

The PAIB Committee believes it is necessary and relevant to support professional accountants adhere to the Code and help them identify and employ good practice. Professional accountants should be the first target for outreach, with other stakeholders secondary. As mentioned above, we also have concerns about this as a *related* initiative instead of a separate project stream as it could limit resources and time for this important issue. The PAIB Committee would be happy to continue collaborating with the IESBA, for example, through the IFAC Global Knowledge Gateway to disseminate key aspects of the Code and practical guidance.

(d) Are there any actions not included in the proposed SWP that you believe the Board should consider for the 2014-2018 period? If so, please explain why, and indicate which actions identified in proposed SWP should be displaced (i.e., deferred or eliminated).

Yes, addressed in comments above. The PAIB Committee cannot over emphasize the importance of professionalism, which incorporates and is underpinned by an ethical perspective—"doing the right thing"—and, therefore, the importance of your work and communicating with professional accountants in business.

Please do not hesitate to contact me should you wish to discuss any of the matters raised in this submission. We also welcome further discussions on how the PAIB Committee can continue supporting the work of the IESBA.

Kind regards,

A handwritten signature in black ink, appearing to read "Charles Tilley". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Charles Tilley

Chair, IFAC Professional Accountants in Business Committee



Appendix A: Perspective of the Professional Accountant in Business

Professional accountants in business work at the heart of business acting as financial partners, drivers of transparency, and the conscience of their organization. [*Competent and Versatile: How Professional Accountants in Business Drive Sustainable Organizational Success*](#) (2011) further illustrates the perspective of professional accountants in business. It establishes the expectations placed on professional accountants in business in terms of the roles and activities they will need to undertake, thereby extending beyond the traditional knowledge and skills taught and tested during their professional education. It also emphasizes that professional accountants in business should uphold high ethical standards in accordance with the Code, which requires accountants to encourage an ethics-based culture in any employing organization.

More information about the PAIB Committee and its publications is available at www.ifac.org/paib.