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Ref.: QMA/PRJ/PWE//MBR

Dear Mr McPeak,

**Re: FEE Comments on the IAESB Consultation Paper on the Proposed IES 4 (Revised) Professional Values, Ethics and Attitudes**

FEE (the Federation of European Accountants) is pleased to provide you below with its comments on the Proposed IES 4 (Revised) Professional Values, Ethics and Attitudes.

FEE supports the IAESB's project to improve the clarity of its standards including the proposed IAESB revision of IES 4 issued in March 2011. The revision is the opportunity to introduce improvements, in particular we commend IAESB for having emphasised the importance of the problem solving approach to ethical dilemma as highlighted in different parts of the standard.

FEE is supportive of the adoption of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants for use in the European Union. We therefore agree with the integration of the IESBA Code of Ethics in professional accounting education as proposed in paragraph 4 of Proposed IES 4. We are especially in favour of the five fundamental principles as included in the IESBA Code of Ethics.

In respect of education, learning and developing activities of professional accountants, further guidance in relation to the fundamental principles as included in the IESBA Code of Ethics is critical. Therefore, FEE has developed two papers in relation to integrity, probably the most important of the five fundamental principles: "Integrity in Professional Ethics – A Discussion Paper"<sup>1</sup>, September 2009, and "Analysis of Responses to FEE Discussion Paper on Integrity in Professional ethics – A comment Paper"<sup>2</sup>, March 2011.

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<sup>1</sup><http://www.fee.be/fileupload/upload/Integrity%20in%20Professional%20Ethics%20A%20Discussion%20Paper%200909%20Colour2292009361627.pdf>

<sup>2</sup><http://www.fee.be/fileupload/upload/Analysis%20of%20Responses%20DP%20on%20Integrity%20in%20Professional%20Ethics%201103%20Colour142011201036.pdf>

## Responses to questions

*Question 1 – is the proposed requirement for reflective activity in relation to ethics education appropriate?*

Yes, we believe so. However, we draw your attention on the difficulties in translating the expression “reflective activities”.

*Question 2 – Does this requirement raise implementation issues?*

It could be helpful to clarify forms of reflective activity in paragraph A17. The Board could address the practical issues of documenting the reflective activity by including explanations or best practices for the examples provided.

*Question 3 – Is the objective to be achieved by a member body, stated in the proposed revised IES 4, appropriate?*

Yes, we believe so. In some countries, IFAC member bodies have shared responsibilities in education with government authorities or educational organisations. We therefore suggest including a new paragraph in the Explanatory Materials of paragraphs 6, 11 and 12, to reflect these situations and provide guidance on how far the member bodies have to monitor the part of education which is placed under the responsibility of others.

*Question 4 – Have the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and consistently, such that the resulting requirements promote consistency in implementation by member bodies?*

It would be useful to expand the requirements on the form of assessment, in the second sentence of Paragraph A19, (“In determining the most appropriate forms of assessment, IFAC member bodies, educators, and other stakeholders are advised to consider an appropriate mix based on input, output, and process measures.”). This sentence provides minimum requirements which are not sufficiently self explanatory and may raise implementation issues. It would be helpful for the Board to decide whether it is appropriate to expand those requirements in the current revision of IES 4 or in the revision of IES 6.

*Question 5 – Are there any terms within the proposed IES 4 which require further clarification? If so, please explain the nature of the deficiencies.*

It could be helpful for the Board to verify that there is no duplication of concepts in the integration of the IESBA code into professional accounting education.

In some countries, regulations might provide some ethical requirements which are not completely in line with the IESBA code. To take this situation into account we suggest deleting the word “additional” in paragraph 8. Furthermore paragraph A5 should be amended to recognise that local regulations can include some additional or different requirements.

The structure of the listed commitments in the second part of paragraph 9 is unclear and unparallel, covering different topics with different nature. For example, it is not clear how the concept of lifelong learning and Continuing Professional Development is linked with the learning activities of the aspiring professional accountant. In this regard, although an explanation is provided in paragraph A8, it might be helpful to include some explanation in paragraph 9.

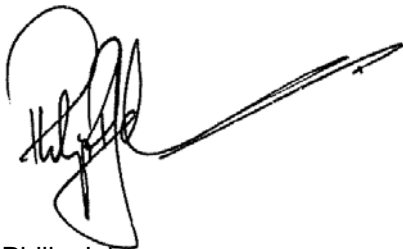
In addition, it is not clear how different topics have been grouped in different bullet points, e.g. what is the reason of linking together reliability, responsibility, timeliness and courtesy and have on a different line quality or the public interest and sensitivity to social responsibilities.

Reference to capital markets, in the first sentence of paragraph A7, narrows significantly the contribution and the commitment of professional accountants to the public interest. Public interest is more than trust in capital markets. The responsibilities of the profession might impact every aspect of society: consumers, suppliers, taxpayers. We suggest to remove the reference to capital markets to consider the broader contribution provided by professional accountants. The explanatory paragraph A17 ought to reflect the wide variety of activities of a professional accountant. This is especially relevant in a period when Integrating Reporting is developing.

In the second sentence of paragraph 2, "In addition, this IES will be helpful to...and any other stakeholders who support the learning and development of professional values, ethics, and attitudes...", we question whether this standard is useful for such large range of stakeholders. IAESB needs to avoid drafting standards which would go beyond its responsibility. Therefore, we suggest to amend the sentence as follows: "However, this IES might be helpful to educational organisations, employers, regulators and government authorities". Similarly, in other paragraphs, i.e. A14 and A19, the reference to other stakeholders is even less relevant and should be deleted.

For further information on this letter, please contact Ms Petra Weymüller from the FEE Secretariat (email: [petra.weymuller@fee.be](mailto:petra.weymuller@fee.be), Tel.: +32 2 285 40 75).

Yours sincerely,



Philip Johnson  
President