

BY EMAIL

15 July 2011

Ref: # 360840

Mr David McPeak
Technical Manager
International Accounting Education Standards Board (IAESB)
545 Fifth Avenue, 14th Floor
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Dear Mr McPeak

Comments on the exposure draft IES 4 - Professional Values, Ethics, and Attitudes

Thank you for inviting us to comment on the exposure draft on IES 4. The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to provide input into the work being undertaken by the IAESB and would like to offer our feedback on the document as follows:

General comments:

Our overall view of the document is extremely positive. In what follows we list what we have found most valuable, followed by specific comments as requested, with suggestions about areas where the document could be enhanced. A comment on another matter ends the report.

Strengths

1. Advocacy of a principle-based approach. Ethics is not best served by a compliance approach; encouraging an ethic of commitment based on strong ethical principles is much better because it enables professionals to exercise their own judgement in situations not covered in codes of ethics. (Page 5)
2. Recognition of the need to assess ethical development. (Page 5)
3. Recognition of the wide range of beneficiaries of enhanced professional ethics. (Page 9, point 2)
4. Recognition of the importance of CPD ethics. (Page 9, points 3 and 9)
5. Recognition of the centrality of serving the public interest and showing social responsibility. (Page 10, point 9. In fact, the whole of point 9 is very good.)
6. Recognition of the importance of integrating ethical competence into other subject matter. (Page 11, point A4)
7. Personal ethical character is of course vital but it is not enough for an adequate professional ethic; ethically strong and supportive workplace contexts are essential too, because ethically defective contexts can and do undermine personal goodness. The importance of such





contexts for trainees (people under a formally monitored work place based experience programme of three years) cannot be under-estimated (Page 11, A8 sand A9)

8. Encouraging the use of participative approaches to ethical enhancement. (Page 12, A14)

Specific comments:

Point and Question no	Specific comments
<p>Question 1: Is the proposed requirement for reflective activity in relation to ethics education appropriate?</p>	<p>Yes. But the document does not provide enough examples of how reflective activity can be developed. The use of ethics co-operative audits holds great potential here.</p>
<p>Question 2: Does this requirement raise implementation issues?</p>	<p>Yes. But examples of assessment are also needed. One method, which can involve reflective activity, ethics audits and any other ethics learnings, is the use of an ethics learning journal. (An example can be found in an appendix at the end of <i>Ethics for Accountants and Auditors</i> (revised edition), edited by Martin Prozesky et al, Cape Town: Oxford University Press Southern Africa.) Refer page 10, point 11, and page 12, A17 of the IES 4 document.</p>
<p>Question 3: Is the objective to be achieved by a member body, stated in the proposed revised IES 4, appropriate?</p>	<p>If this question refers to items 1-12 under the “Requirements” (page 10), then the answer is yes. Including attitudes is especially valuable. But see also below in connection with question 5.</p>
<p>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?</p>	<p>No comment.</p>
<p>Question 5: Are there any terms within the proposed IES 4 which require further clarification? If so, please explain the nature of the deficiencies.</p>	<p>Yes, there are terms in the proposed IES 4 that require further clarification.</p> <ol style="list-style-type: none"> Concerning page 10, item 10, first dot point: whose view of the nature of ethics is envisaged – that of western philosophy or of the various



	<p>cultures, or both?</p> <ol style="list-style-type: none">2. Again in that point 10: 2nd dot point: more is involved in ethics than just theories and framework approaches.3. Sixth and seventh dot points: compare what with what?
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Comments on other matters:

South Africa is a developing nation. It is also very much a multi-cultural nation with a history until very recently of discrimination and inequality stemming from imperialism, colonialism and especially apartheid. That makes it of the utmost importance that all its approaches in the accountancy profession (and indeed everywhere else) to ethics be conceived of and implemented in ways that respect, recognize and employ the ethical values of all its people, and not assume that what western moral philosophy declares about ethics is sufficient for all.

We were assisted in our comment by Professor Martin Prozesky (Compass Ethics CC and Emeritus Professor, University of KwaZulu-Natal), who acts a consultant on the matter of ethics education to use from time to time.

Please do not hesitate to contact us should you wish to clarify any comments made in the above letter.

Regards

Mandi Olivier

Senior Executive: Professional development