



The Chartered
Institute of
Management
Accountants

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By email KenSiong@ethicsboard.org

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International Federation of Accountants
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Dear Mr Siong

Restructuring the Code – Phase II – comments

Firstly may I apologise for this late submission of comments and I hope they may still be of some use. CIMA was pleased to comment on the structure of the Code in 2016 and we note that a number of our points have been considered and included. Whilst we note that it is not the intention to make further revisions to areas covered by Phase 1 of the project, we continue to be concerned about a number of issues that we feel were not completely addressed during this phase. These include the linkage between the fundamental principles and the detailed requirements and the lack of clarity and consistency in the language, including some definitions and phrases.

Our specific comments now are as follows:

- We note that public interest has been retained in many areas and that there are fewer reference to substantial harm.
- CIMA's advice to its members is to document always and we note that the ED is "encouraging" PAIBs to document – whilst others "shall" document. It is important that all PAs understand the importance of documenting, because it is something that may be relied upon later if they are challenged to justify any action they have taken. Our AICPA colleagues also consider that PAIB's should document.
- We welcome the references to "third party" as this is useful thought process for professional accountants considering issues and action.



- The “lists” of actions are still provided as examples and the reader should be encouraged to see them in that way. It should be made clear that the lists are not exhaustive. As we have already pointed out, the danger of a list is that if the reader cannot find an example that matches their own situation, they may take no action. CIMA requires its members to use professional judgment when considering action and we may consider further clarifying that these lists are (non-exhaustive) examples in our own Preface to the Code, and reiterate the requirement on all members to exercise professional judgment. The examples range from fairly nebulous to the very specific – the specific examples may be seen as tantamount to rules for those that favour rules based codes. CIMA’s code is fundamentally principles based and encourages the application of professional judgment. We would therefore encourage the Board to look again at some of the more specific examples to see whether they can be described in a way that has salience for the widest spectrum of professional accountants.
- We suggest that more emphasis should be placed on the reasons for, and the outcomes of, action based on professional judgment and the fundamental principles.
- With regard to references to family members (e.g. 270.4 A2 or 200.6A1 d). CIMA would still wish to see this expanded to provide a wider description – a close associate, for example, may create similar conflicts. In many cultures the family is a wider group of individuals encompassing cousins, second cousins and important people of influence that may not be blood relations.
- Similarly the reference to non-financials is not always standard and should be also highlighted as important and/or a risk. (210.4)/ 270.4. A2 200.6 A1 E etc. These are issues that may more usefully be drawn out in local PAO guidance.
- The emphasis of the language employed sometimes changes in relation to disassociation and/or leaving employment. For example, 200.7 A2 in an “extreme situation” ... it might be necessary to resign... Some further definition of this term may be helpful at this point. In other sections there are references to “might consider resigning (220.13.A1) and “resign from organization” (R270.5).
- The inclusion of NOCLAR guidance Part 2 (previously C) Section 2 makes the Code very lengthy, although the guidance is useful. We have some concern that this length may make the Code less accessible.
- With regard to the examples of laws and regulations 260.4 A2, we believe that labour law/employment law should be included. Similarly, it may be appropriate to guide individuals to look at local legislation that addresses human rights and discrimination.



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- We welcome the references to ethical culture (270.4 A3) as this (or the lack of leadership from the top) is a constant issue for professional accountants who feel unsupported when they are considering making notifications. It is also useful for professional associations considering how to support their members by encouraging ethical cultures and Ethical Management Information.

Kind regards,

Peter Steel
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CIMA