



IFAC
International Ethics Standards Board for
Accountants (IESBA)

Submitted via the IESBA website

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Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice

Exposure draft, January 2017, International Ethics Standards Board for Accountants

FAR, the Institute for the Accountancy Profession in Sweden, has been invited to comment on the IESBA's exposure draft *Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice*. FAR welcomes this opportunity to comment on the exposure draft.

IESBA's request for specific comments

1. Do respondents agree with:

a) The proposed applicability paragraphs? If not, why not?

FAR has no objection to the contents of the proposed paragraphs, in general, and agrees that Part C of the extant Code can be applied by professional accountants in public practice in ethically problematic circumstances that do not involve clients. The proposed paragraphs serve to clarify that it should be applied and the example given in the application paragraphs 120.4 A1 and 300.5 A1 is to the point.

However, FAR finds that the intent of the paragraphs could be made clearer if, in addition to the given example, reference is made to the specific focus areas that are described in the explanatory memorandum, namely conflicts of interests, pressure and inducements. Read without the background given in the explanatory memorandum, the guidance of the paragraphs is limited. Therefore, FAR suggests adding a general reference as a first sentence of the proposed paragraphs:

"Examples of areas where such circumstances may occur are for example situations facing conflicts of interest, undue pressure from the firm and inducements. For example, where a professional accountant in public practice is pressured by an engagement partner to underreport..."



b) The proposed locations of those paragraphs in Sections 120 and 300 of the proposed restructured Code? If not, why not?

FAR has no objection to the proposed location of the paragraphs, although limiting the location to Section 300 would in FAR's opinion be sufficient.

However, FAR would like to take this opportunity to put forward an opinion regarding the general structure of the Code. According to FAR, the division of the Code into one section for public accountants in public practice and public accountants in business is unnecessary, confusing and misleading. There should only be one category of public accountants, or at least the outline of Code should not be based on the current differentiation. This is illustrated by the necessity of the proposed revisions to clarify the applicability of the extant Part C of the Code. The entire Code should apply to all public accountants, and any differentiation should focus on the professional role of the professional accountant - in public appointment relationships or in an employment or ownership relationship. This would make the proposed clarifications unnecessary and it would serve to unify the contents of the Code. FAR is aware of the difficulties in reforming the Code in such a manner, but as a major restructuring of the Code is underway, the opportunity of vastly improving the availability of the Code should be taken.

IESBA's Request for General Comments

(a) Small and Medium Practices (SMPs) –The IESBA invites comments regarding the impact of the proposed changes for SMPs.

FAR does not see that the changes would have any particular impact for SMPs.

(b) Regulators and oversight bodies – NA

(c) Developing Nations – NA

d) Translations – Recognizing that many respondents may intend to translate the final pronouncements for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposed changes.

FAR has translated the Code into Swedish and has found it difficult to translate "professional accountant in public practice" and "professional accountant in business" in a way that is comprehensible to FAR's members, even less to the general public. Less focus on different categories of public accountants and more on the accountants' role in a particular situation would be helpful.

FAR

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