



4 March 2014

Jörgen Holmquist
Chair
International Ethics Standards Board for Accountants
By e-mail: kensiong@ethicsboard.org

Dear Jörgen

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

The Chartered Institute of Management Accountants (CIMA) is very pleased to have the opportunity to comment on the proposed IESBA Strategy and Work Plan 2014 – 2018. We offer our comments from the perspective of a professional regulator with responsibility for serving the public interest and maintaining confidence in the management accounting profession. Driving better business through improved performance – built on a culture of sound ethical behavior, understanding and sound professional judgment – will in our view, raise the bar on standards, capability and sustainability.

In response to the questions posed:

(a) Do you support the four work streams the Board added to its SWP in 2012?

Yes; although we note that there is one work stream continuing into this period from 2009, and four new work streams being introduced from Q2 2015 (2) and Q1 2017 (1) making a total of nine work streams operating within the 2014-2018 period, with all but one (Fee dependency) concluding within that timeframe. We would caution against project overload at the risk or expense of agile delivery and currency of output.

As the majority of our 203,000 members and students work in business, we would support prioritization of the Part C review and the review of the structure of the code to improve its implementation and application. We also feel that this would assist in rebalancing the code and reaffirming its relevance to PAIBs.

(b) Are the strategic themes identified for the period 2014 – 2018 appropriate?

We note the four proposed areas of strategic focus which will form the overarching objectives for the period, but are glad to see that the need to retain some flexibility has been acknowledged in order that the Board might respond to any emerging external issues should it need to do so. The high level themes are, in our view, relevant and appropriate although we trust that there will be sufficient resources at the Board's disposal to ensure the desired outcomes can be delivered within timeframe.

- **Maintaining a High Quality Code of Ethics for Application by PAs globally**



An ethical code is at the very core of being a professional, and is vital in ensuring the public trust and credibility of PAs. It should also work to reinforce the relevance and portability of their skills and to that end, the code needs to reflect more of the issues faced by PAs who work outside the public practice arena. We acknowledge that the current imbalance of the code is currently being addressed by one of the Board's work streams introduced in 2012.

- **Promoting and Facilitating the Adoption and Effective Implementation of the Code**
We endorse the view that adoption and effective implementation of the code globally is a key factor in embedding ethical standards and enhancing confidence, but are not surprised that the pace of adoption is fragmented. The high level principles and conceptual framework approach lends itself to relative ease of interpretation and application; however, to achieve the extent of adoption envisaged, the code will need to resonate across an even wider range of cultures and contexts to address the needs of the whole of the global PA community in all its diversity.
- **Evolving the Code for Continued Relevance in a Changing Global Environment**
To ensure this is achieved will require a considerable degree of flexibility and agility and we support the view that the code should continue to equip PAs to address ethical dilemmas across the increasingly wide range of professional activities that they are involved in. We were, however, disappointed to note that in qualifying the impact on the code of the changing global environment, the intention is to focus primarily on regulatory developments that impact on the nature and extent of services provided by audit firms to audit clients, and on guidance in relation to collective investment vehicles (CIVs). We are unsure how the latter -in particular- assists the intent to facilitate wider adoption of the code set out in the previous strategic theme, and consider it could add an unnecessary degree of granularity to the code itself. Instead, perhaps consideration could be given to addressing the more esoteric areas of practice via separate tailored guidance.
- **Increasing Engagement and Cooperation with Key Stakeholders**
CIMA welcomes the value that IFAC attributes to involvement of its key stakeholders in its standard setting activities, and supports an evidenced based approach to that work. We would, however, urge IFAC not to overlook the end needs of the many tens of thousands of individual PAs to whom the code applies, and to ensure that key stakeholders are identified and involved in emerging as well as mature financial markets.

(c) Are the actions identified with respect to each strategic theme and their relative prioritizations appropriate?

We believe that they are appropriate, but would query whether in relation to the due process approach to be applied across all the work streams they are all achievable in the intended timeframe. In terms of the development of the code, some of the issues to be addressed during 2014-2018 are key to its onward positioning and adoption. The Board will need to be assured that prescription and guidance maintains pace with stakeholder



needs and recognize evolving and dynamic role changes within the profession as well as the demands and pressures faced by PAs.

(d) Are there any actions not included in the proposed SWP that you believe the Board should consider for the 2014-2018 period?

Strengthening of links with the academic community should be accompanied by commensurate engagement with organizations around the world to ensure currency and relevance of the code. In this context, we are also delighted at the launch of the Global Knowledge Gateway and regard this an immensely valuable resource for IFAC itself as well as its membership community.

We trust that these comments will be of interest and we would, of course, be happy to discuss further any of the issues raised.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gail Stirling', written in a cursive style.

Gail Stirling
Executive Director
Governance & Professional Standards