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Mr Ken Siong
Technical Director
International Ethics Standards Board for Accountants
545 Fifth Avenue
New York, NY 10017

4 February 2015

Consultation Paper – Improving the Structure of the Code of Ethics for Professional Accountants (the “Code”)

Dear Mr Siong,

On behalf of RSM International Limited, a global network of independent accounting and consulting firms, we are pleased to have the opportunity to respond to your Consultation Paper – Improving the Structure of the Code of Ethics for Professional Accountants.

We believe that implementation of the International Standards on Auditing has benefited considerably from the ISA Clarity Project. Therefore, we believe this project, which can be viewed similarly to the ISA Clarity Project, will ultimately be beneficial in terms of the readability, clarity and enforceability of the Code. We commend the IESBA for embarking on this important project.

Questions for Respondents

1. Do you believe that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples, would be likely to achieve IESBA’s objective of making the Code more understandable? If not, why not and what other approaches might be taken?

In general we agree with the approach taken by the IESBA as reflected in the Illustrative Examples, in particular that the structure of the proposed Code is broadly similar to the structure adopted by the IAASB for the International Standards on Auditing (ISAs) and other related standards.

For the purposes of consistency we do not agree with the use of the term “Purpose” in the subheadings used throughout the proposed Code. For instance this term is used at 100.001 “Purpose of the Code and this Section” and then in other sections “Purpose of this Section”. Unless there is an important difference that the IESBA intends to convey, we recommend

the use of the more commonly used term “Objective”, which is also the term used in the ISAs.

For the purposes of readability we do not agree with the use of blue highlighting or underlining in the printed or PDF versions of the document. We believe use of these formatting tools in these documents to be a distraction from the content. However, as described below we do believe certain formatting features to be of value to the website version of the document.

2. Do you believe that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples would be likely to make the Code more capable of being adopted into laws and regulations, effectively implemented and consistently applied? If not, why not and what other approaches might be taken?

Yes, by stating the requirements of the Code clearly and separately from guidance national and regional lawmakers and regulators should be able to implement the Code more effectively.

3. Do you have any comments on the suggestions as to the numbering and ordering of the content of the Code (including reversing the order of extant Part B and Part C), as set out in paragraph 20 of the Consultation Paper?

We have no comments on the numbering and agree with reversing the extant Parts B and C for the reasons given in paragraph 20 of the Consultation Paper.

4. Do you believe that issuing the provisions in the Code as separate standards or rebranding the Code, for example as International Standards on Ethics, would achieve benefits such as improving the visibility or enforceability of the Code?

We do not agree with issuing the contents of the Code as separate standards because the subjects included in the Code are highly related, the Code is not excessively long to warrant division and it is likely that separate standards would be published or presented together.

We do not believe it necessary to rename the Code because it is not likely to impact enforcement. We believe that clarifying the requirements of the Code is more likely to improve enforcement rather than more superficial terminology changes.

5. Do you believe that the suggestions as to use of language, as reflected in the Illustrative Examples, are helpful? If not, why not?

Yes, we agree with the methods used in the Illustrative Examples to enhance the readability and clarity of the Code.

However, rather than the use of underlining or highlighting in the printed and PDF version of the Code we believe that a comprehensive Glossary of defined or key terms should be

included between the Preface and Part one. The first use of a defined or key term in a section could be referenced back to the Glossary by way of a footnote.

For the web version of the Code we agree that a more interactive method of presenting defined or key terms may be used, such as hyperlinks and hover effects. However, we do recommend that these effects are used subtly to enhance the readability and clarity of the Code and not to distract readers with too much noise on the screen, because for many the web version of the Code will be their primary reference.

6. Do you consider it is necessary to clarify responsibility in the Code? If so, do you consider that the illustrative approach to responsibility is an appropriate means to enhance the usability and enforceability of the Code? If not, what other approach would you recommend?

We agree that it is necessary to clarify responsibility within the Code to address feedback from IOSCO and other stakeholders, which repeats previously cross-referenced materials within ISQC1 and ISAs because the Code is used by professional accountants who do not provide assurance services, who are the primary users of those other standards.

We agree that an illustrative approach to responsibility is an appropriate means to enhance the use and enforcement of the Code.

7. Do you find the examples of responsible individuals illustrated in paragraph 33 useful?

We agree with the examples of responsible people included in paragraphs 33a and 33b. However, we do not believe that the statement in paragraph 33c adds clarity to the Code because the statement does not explain how the individual is identified as being a responsible individual. Further, 33c seems to subsume the individuals identified in 33a and 33b and thus seems to indicate that anyone could be a responsible individual which is not helpful to users of the Code.

8. Do you have any comments on the suggestions for an electronic version of the Code, including which aspects might be particularly helpful in practice?

As explained above we believe that hyperlinks and hover effects could enhance the web version of the Code.

9. Do you have any comments on the indicative timeline described in Section VIII of this Paper?

No comments.

10. Do you have any other comments on the matters set out in the Consultation Paper?

No further comments.



We would be pleased to discuss our comments further with members of the IESBA or its staff. If you wish to do so, please contact Robert Dohrer (tel: +44 207 601 1080; email: robert.dohrer@rsmi.com).

Yours sincerely

A handwritten signature in black ink that reads 'Robert Dohrer'. The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Robert Dohrer
Global Leader - Quality and Risk
RSM International