

Mr Ken Siong
Technical Director
International Ethics Standards Board for Accountants
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15 April 2015

Re: Exposure Draft, *Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles*

Dear Mr Siong,

On behalf of the Salvadoran Institute of Public Accountants (ISCP – for its acronym in Spanish), through its Ethics Committee, we are pleased to comment on the IESBA's Exposure Draft, *Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles* ('the ED').

Our comments and detailed responses to the questions set out in the Invitation to Comment section of the ED are detailed hereafter.

We would be pleased to respond to any questions the Board or its staff may have about any of our comments.

Please do not hesitate to contact me.

Sincerely,

Lizette Keller
Ethics Committee
Instituto Salvadoreño de Contadores Públicos

General comment to Part C

Before presenting our comments and answering to the specific questions, we want to make a general comment regarding the applicability of Part C as a whole: we believe it is important to make it clear whether this section applies to Professional Accountants who are not in the business or entity, but are responsible of the preparation and presentation of information to Stakeholders, this is the case of Professional Accountants who provide outsourcing services to various companies. Or is there a specific section that covers these services?

Proposed Revised Section 320

Question 1. Is the enhanced guidance on applying the “fair and honest” principle in Section 320 helpful?

In general terms, we do think the enhanced guidance on applying the “fair and honest” principle is helpful.

Question 2. In particular, do respondents support the guidance in paragraph 320.3 addressing the issue of misuse of discretion in a manner that is intended to mislead? If not, please explain why. Are there any other considerations relating to this issue that should be addressed in Section 320?

Guidance addressing the issue of misuse of discretion is good, however Paragraph 320.3 mentions both “judgment” and “discretion”, but only elaborates on the part of “discretion”. We believe adding some guidance on “judgment” as well would be useful, for example, could make reference to International Education Standards for Professional Accountants, and how the compliance with these helps the Professional Accountant have a more “reasoned judgment”.

Question 3. Paragraph 320.4 provides guidance as to what PAIBs are expected to do ethically in order to prepare or present fairly and honestly information that does not have to comply with a relevant reporting framework. Is this guidance sufficient? If not, what further guidance could Section 320 usefully provide?

We consider it to be sufficient.

Question 4. Do respondents agree that where a PAIB relies on the work of others, the PAIB should be required to take reasonable steps to be satisfied that such work enables the PAIB to comply with the overarching principle in paragraph 320.2?

Yes, we agree.

5. Do respondents agree with the guidance proposed in paragraphs 320.6 and 320.7 regarding disassociation with misleading information? Are there other actions that could be specified?

The guidance is very general in encouraging the accountant to discuss his/her concerns with higher levels within the organization or consulting with external sources like legal counsel, professional body or regulatory requirements in place, however is not specific about what to do next. Should that be left open to the professional accountant to decide whether he follows the advice or no, or should he/she be encouraged to follow it?

Proposed Section 370

Question 1. Do respondents agree with the overarching requirements in paragraphs 370.1 and 370.2?

Yes, we agree.

2. Are the illustrative examples of types of pressure that could result in a breach of the fundamental principles in paragraph 370.4 helpful?

Yes, they are helpful. Probably could leave it open at the end of the examples to “any other manner the professional accountant could feel pressured”

Question 3. Is it sufficiently clear that Section 370 addresses pressure that could result in a breach of fundamental principles, as opposed to the routine pressures that exist in the workplace? In particular, does paragraph 370.5 provide sufficient guidance to assist the PAIB in making that distinction? If not, what other considerations should the PAIB take into account?

Yes. We think it is sufficiently clear.

4. Do respondents find the guidance in paragraph 370.6 on responding to pressure that would result in a breach of the fundamental principles helpful? Are there other actions that should be considered?

Yes, we find it helpful.

5. Are the references to other sections of Part C of the Code, in paragraph 370.9, helpful?

Yes, they are helpful.

Request for General Comments

In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below:

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(c) *Developing Nations*—Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular, on any foreseeable difficulties in applying them in their environment.

We include this comment in this section, since we think that in most developing nations the mechanisms to sanction unethical behaviour are very weak.

We believe it is very important for the Code to include a specific section about the responsibility that any professional body should have when being consulted about the aforementioned ethics issues or any other issue

addressed in the Code, as well as guidance on resolution of cases/claims filed by professional accountants or stakeholders in general.

The Code should be rigorous and firm regarding breaches to the fundamental principles, and elaborating on mechanisms or guidance to sanction any breach, would enhance the relevance of Ethics in the profession.

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

The Spanish version of the Code is the one from 2009. Several changes have happened since then and even when reviewing the changes proposed in this ED, we noticed that there are some paragraphs being modified that didn't even exist in the 2009 version.

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