

SAIPA's commentary on the IFAC IESBA

We appreciate the opportunity to comment on the structure and layout of the revised IESBA consultation guide. We are currently looking at revising our own Code of Conduct and through research have found that it may be necessary to do a Code of Conduct and a separate Code of Ethics. IFAC's decision to have a code of Ethics must have been an informed one and we in no way want to diminish the essence of the code. We do however suggest that one must consider the fact that a Code of Ethics is an aspirational document that focuses on values as a basis for behaviour. Its application does not have punitive intent and may not be used in a disciplinary hearing as opposed to a Code of Conduct which instils behavioural guidelines, dictates compliance and is directional in nature.

In South Africa, our statutory laws are defined in Acts and often there are Regulations that more clearly define the parameters of the Act. We believe that the separation of subheadings as discussed on page 5 (number 8) will make the code easier to read. However, we propose that the "Purpose" and "Requirements" be set out in the Code and a separate handbook be provided with the "Application and other explanatory material". The Code should be rarely amended and the "Application and other explanatory material" can be changed as frequently as required. This allows the practical adaptation of the code to remain relevant at all times.

If SAIPA's proposed structure is considered, a re-branding would add value as per page 7 (number 22). We recommend that the document be called the "International Standards on Ethical Conduct" as it speaks to both aspirational (Ethics) and directional (Conduct) elements.

In respect of page 3 (number 23, bullet point 3), by removing the definitions from the actual document, will make the Code impractical. There are ways of using hyperlink effectively to confirm a definition within the same document. The definitions can also make allowances for additions that must be read into specific terms.

Questions

1. The Illustrative examples provide a unique key to understanding where to find specific topics in the Code. The numbering is confusing and we recommend a less complicated system. We do see that the numbering is reflected to provide room to expand the Code but currently find it challenging. Perhaps less digits, trying to keep the decimal places to one or two.
2. It will be easier to find the necessary clauses but the code will be lengthy and a separation of Ethics and "practical examples" would better allow for application of the Code.
3. The numbering complies with accounting standards.
4. We recommend that the document be called the "International Standards on Ethical Conduct" as it speaks to both aspirational (Ethics) and directional (Conduct)

elements. There should be the “Code” and “Regulations” giving examples to the practical application of the Code.

5. After reading the Code, we thought the language use was excellent and generic, we do however think that second language English speakers may have trouble understanding the Code.
6. Yes it is necessary to confirm where responsibility lies. A Professional Accountant that is not accountable for his actions defeats the object of protecting the public at large.
7. The “engagement partner” is a definite person with responsibilities. Points (b) and (c) does not encapsulate the essence of the definition. Rather include the words, “an identified member of senior management delegated to ensure that the IAESB Code is facilitated.”
8. We believe that the electronic format, although efficient and capable of various hyperlinks, colour-coding and other forming, may be redundant where print is used and no colour is available. Some people prefer printed versions and often the enhancements of an electronic version could compromise the quality of the printed document as the improvements will not necessarily be seen.
9. Our concern is that if the final consultation on the Code ends in October 2015, when all input is received, the code may be longer than when we started. We agree that discussions from professional bodies implementing the code is necessary, but the practicality of “living” the Code becomes problematic when it is too long.
10. Our comments herein are stated above, in our introductory paragraphs.