

**PIOB Monitoring of Comment Letters submitted by MG/IFIAR Members
to the IESBA ED "Proposed revisions to the Code to promote the Role and Mindset expected of Professional Accountants" (published in July 2019)
As of April 2020**

#	Respondent	Group	Issue	MAIN Issues/Recommendations Description
Basel Committee on Banking Supervision (BCBS)				
1	BCBS	MG	Support requirement to act in the public interest	The Committee agrees with the IESBA's proposals in the ED, in particular the proposal to require a professional accountant to behave in a manner that is consistent with the profession's responsibility to act in the public interest and the concept of an inquiring mind.
2	BCBS	MG	Clarification of requirements	Would welcome clarification on one point, namely the proposals around organisational culture and "effective application" of the IESBA Code (paragraph 120.13.A1). Recommend that the revised Code should clearly explain that its requirements apply regardless of the organisational culture within which the professional accountant operates.
Abu Dhabi Accountability Authority (ADAA)				
3	ADAA	IFIAR	Clarification on compliance with Code of Ethics	Para. 100.1 A1 could be made clearer including the following caveat: "compliance with the code does not mean that professional accountants necessarily discharge their responsibility to act in the public interest in full and that it does not have the authority, legal or otherwise, to give such an assurance."
4	ADAA	IFIAR	Clarification on requirements	Section on technology could be clarified to explain how professional accountants can maintain understanding of technology related developments.
5	ADAA	IFIAR	Additional examples on <i>bias</i>	Suggest adding: authority bias, information bias, outcome bias, self-serving bias, status quo bias, and story bias.
6	ADAA	IFIAR	Clarification of requirements	Consideration should be given to the case where professional accountants cannot influence the organization's internal culture.
UK Financial Reporting Council (UK FRC)				
7	UK FRC	IFIAR	Strengthening requirements	Section 100 should highlight that complying with the Code and acting in the public interest requires appropriate mindset and give additional example of key characteristics and behaviours: <ul style="list-style-type: none"> * Understanding the needs of users of information, the accountant is associated with. * Having an inquiring mind. * Applying appropriate professional scepticism. * Acting appropriately in difficult situations. Section 111 should be strengthened to require accountants to always act appropriately when confronting dilemmas or difficult situations, rather than just having the "determination" to act appropriately.
8	UK FRC	IFIAR	Differentiation between <i>Inquiring mind</i> and <i>Professional skepticism</i>	More emphasis should be made on the need for accountants to be satisfied with the integrity, relevance and sufficiency of information. There is an overlap between the concepts of Inquiring mind and Professional skepticism. This should be clarified in para. A120.5.A5.
9	UK FRC	IFIAR	Strengthen approach to address bias	Professional accountants should not only be "aware of the risk of bias", but should also avoid conscious bias and seek to avoid unconscious bias. In addition, the list of examples should be described as "possible" bias.
10	UK FRC	IFIAR	Expand requirements on organizational culture	Application material should be expanded to direct professional accountants to seek to promote an appropriate ethical culture within their organization. For audit, review and other assurance firms, replace the reference to ISQM1 (which may not be adopted in all jurisdictions) by including the following within the Code: "The senior management of the firm and those with direct responsibility for the management of the firm's audit, review and other assurance and related business shall instill the necessary culture and behaviours respectively throughout the firm and that business, so as to ensure that meeting the fundamental principles and other provisions set out in the Code is paramount and overrides all commercial interest of the firm."

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#	Respondent	Group	Issue	MAIN Issues/Recommendations Description
11	UK FRC	IFIAR	Enforceability	Encourage to give consideration to how the actions, characteristics and behaviours of professional accountants can be clearly and unambiguously evidenced, so that regulators can be satisfied that ethical and behavioural considerations have driven their work.
Independent Regulatory Board for Auditors of South Africa (IRBA)				
12	IRBA	IFIAR	Raised awareness on substance of changes needed	IRBA questions whether these proposed amendments will produce a meaningful improvement to the environment. Additional awareness needs to be raised, from IESBA or at jurisdictional level. The concept of acting in the "public interest" is a critical and foundational issue in recognising the role of professional accountants and informing the professional accountant's mindset in the decision-making process. Professional bodies, national standard setters and others will need to play a more robust role in making the amendments understood and operationalized.
13	IRBA	IFIAR	Support for additions under Integrity	The inclusion of the concept of "determination to act appropriately in difficult situations" adds robustness and depth to the fundamental principle [of Integrity].
14	IRBA	IFIAR	Differentiation between <i>Inquiring mind</i> and <i>Questioning mind</i> (<i>Professional skepticism</i>)	Auditors may find it difficult to differentiate between an inquiring mind, as per the Code, and a questioning mind, as a requirement when exercising professional scepticism. Consider including the International Auditing and Assurance Standards Board's (IAASB) definition of professional scepticism in the Code
15	IRBA	IFIAR	Supportive of approach to address bias	The proposed examples of bias offer a vocabulary that will be helpful in identifying threats to objectivity and evaluating the root cause where there has been a lack of objectivity.
16	IRBA	IFIAR	Adequate reference to ISQM1	Support the reference to proposed ISQM1, as it provides the robust framework for implementing and monitoring an audit firm's culture.
17	IRBA	IFIAR	Additional guidance for SMPs	SMPs may require additional guidance on practicality of the amendments, as they are "abstract in nature".
18	IRBA	IFIAR	Enforceability	It will be difficult to find evidence of the application of an inquiring mind. As such, application may require more context to ensure behavioural changes.
19	IRBA	IFIAR	Importance for developing nations	The proposed amendments help address concerns with regard to the value of professional accountants, especially in developing nations where public interest should be kept as a focal point for decision-making.