

Ms Hilde Blomme  
Director of Practice Regulation  
Fédération des Experts Comptables Européens (FEE)  
Avenue d'Auderghem 22-28  
B-1040 Brussels  
Belgium

4 February 2010

Dear Hilde,

### **PwC Response to the FEE Discussion Paper on Integrity in Professional Ethics**

We welcome the opportunity to comment on FEE's Discussion Paper 'Integrity in Professional Ethics' that was published last September.

This response summarises the views of European member firms of the PricewaterhouseCoopers network which commented on this consultation document. "PricewaterhouseCoopers" refers to the member firms of PricewaterhouseCoopers International Limited, each of which is a separate legal entity.

Integrity is a fundamental cornerstone of our profession and of our firms. However, we consider that any attempt to define 'integrity' for the accounting profession could bring about undesirable unintended consequences by reducing the effect of 'acting with integrity' into a compliance driven process – something we strongly believe should be resisted.

In this response we are focusing on a number of key areas raised in the discussion paper rather than responding to all the questions.

We believe that promoting the importance of integrity as a characteristic of professional accountants is important and it is interesting to note that a number of commentators have raised 'acting with integrity' as an increasingly important area for those who work within the financial sector. However, we are concerned with some of the issues raised in the discussion paper.

The question of whether integrity is more important than the other fundamental principles in the IFAC Code of Ethics is raised in question 6 of the paper. We consider that each fundamental principle has equal weight with each principle interacting with others, for example integrity drives

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Located at Dublin, Cork, Galway, Kilkenny, Limerick, Waterford and Wexford

Chartered Accountants

PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business.

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professional behaviour and vice versa, and we therefore agree with the position raised in question 7 that integrity is complementary to the other fundamental principles.

We are concerned with the matters raised in questions 10 and 11. The true test of judging an individual or organisation's integrity is in the way they behave and not by compliance with a definition. We consider that any attempt to define integrity will result in an objective test that will result in a 'pass or fail mark' rather than a judgement formed, based on a number of factors including truthfulness, honesty, and reliability amongst many others. Individuals will have their own perceptions of the relative weight of these factors depending on their own personal priorities, for example some people may consider that an auditor of a company manufacturing landmines is not acting with integrity because they believe being associated with such a company is incompatible with integrity. Others may distinguish auditing a company as being separate from the company's commercial activities or may believe that landmine use can be justified.

We are concerned with the proposal in question 11 that personal behaviours might merit disciplinary action. We consider that intrusion of this kind into personal behaviour outside professional activities is a very sensitive and difficult matter to consider and in our view exceeds the scope of professional rules and standards.

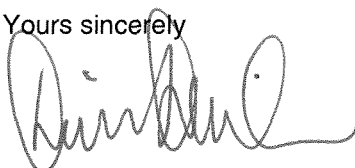
Whilst we agree that the behavioural characteristics, identified at paragraph 5.2, are desirable in a professional context, we wonder how failure to demonstrate any of these, for example 'consistency' and 'being open minded' should be interpreted; would this mean that the individual was not acting with integrity?

We consider that an individual or firm's integrity reflects a judgement based on a considerable number of varying factors – independence, trust, reputation, professionalism, ethical behaviour and good repute amongst others. For this reason, we suggest that any further work into this area is unlikely to produce any conclusions that will assist business, the profession and the users of financial data, and may result in a level of complexity and confusion that weakens what is considered to be 'acting with integrity'.

Finally, we refer to the International Ethics Standards Board for Accountants (IESBA) which develops ethical standards and guidance for use by professional accountants. In our opinion the IESBA Code of Ethics is the best means of addressing these issues for the profession.

If you would like to discuss the content of this letter please do not hesitate to contact me. We are happy for this response to be published.

Yours sincerely



David Devlin