

IESBA Strategy and Work Plan 2024 – 2027**SWP – Reference Material – NVivo Respondent Summary Analysis****Consultation Paper Q1:**

Do you agree with IESBA's Proposed Strategic Drivers?

1. Monitoring Group**International Forum of Independent Audit Regulators (IFIAR)**

IFIAR broadly supports the strategic themes and drivers in IESBA's strategy and work plan as set out for 2024-2027. However, it will be important that the development of ethics and independence standards for sustainability do not come at the expense of ensuring that the ethics and independence standards for accountants' projects continue to progress. High profile ethical breaches at firms that have occurred recently re-inforce the importance of IESBA's work.

International Organization of Securities Commissions (IOSCO)

Thank you for the opportunity to comment on the Paper. If you have any questions or would like to discuss these matters further, please contact Nigel James at phone number: +1 (202) 551- 5394 or email address: JamesN@sec.gov or myself. In case of any written correspondence, please mark a copy to me.

2. Regulators and Audit Oversight Authorities**Committee of European Auditing Oversight Bodies (CEAOB)**

Please do not hesitate to contact me or the Chair of the CEAOB International Auditing Standards Sub-group should you have any questions on the content of this letter.

Independent Regulatory Board for Auditors (IRBA)

We agree with the IESBA's Proposed Strategic Drivers.

National Association of State Boards of Accountancy (NASBA)

NASBA agrees with the IESBA's Proposed Strategic Drivers.

United Kingdom Financial Reporting Council (UKFRC)

We consider that the IESBA's proposed strategic drivers accurately represent the strategic and operational environment in which it is operating. In particular, we highlight the growing demand for sustainability assurance, for which the proposed development of profession-agnostic standards is an appropriate response.

4. National Auditing Standard Setters**Accounting Professional & Ethics Standards Board (APESB)**

Yes, APESB support the identified strategic drivers. However, we have additional comments that should be taken into consideration for the following items identified as drivers in the consultation paper:

- *Promote timely and effective implementation of the IESBA Code*

We know many countries have not adopted the latest version of the IESBA Code. APESB would be pleased to see the IESBA dedicate a significant focus on facilitating the global adoption of the Code in its next strategy period.

While a strategic action has been identified to engage in outreach and promote further adoption of the restructured Code, the IESBA should strive to understand if there are jurisdictional concerns regarding the pace of change and whether recent revisions (such as NAS and Fees) are creating challenges in some jurisdictions.

We believe obtaining this understanding will equip the IESBA with the necessary knowledge to develop appropriate material to facilitate countries' adoption and implementation of the Code and provide a solid foundation for future global implementation of standards that IESBA may issue.

Otherwise, the adoption gap will become greater and even more challenging to overcome in the future.

- *The pace of change in the IESBA Code*

At the APESB Board Meeting held in May 2023, stakeholders raised concerns about the pace and complexity of changes to the IESBA Code, which creates a burden on professional bodies and firms to keep up and effectively educate professional accountants within a short time frame. The IESBA has noted similar concerns in paragraph 27 of the Consultation Paper.

APESB understands that the revisions to the IESBA Code are necessary to maintain its robustness and relevance. However, we encourage the IESBA to consider a pre-determined pathway of releasing amending standards to allow more time for stakeholders to adopt and implement the new standards.

If new requirements are put in place and applicable in a short time frame, there is a risk that professional bodies and stakeholders might not have sufficient time to develop the necessary resources and tools to educate and raise awareness which will potentially result in non-compliance with the Code's requirements in subsequent years.

New Zealand Auditing & Assurance Standard Board (XRB)

Yes. We agree with the IESBA's proposed strategic drivers.

5. Accounting Firms

BDO International Limited (BDO)

BDO agrees with the IESBA's Proposed Strategic Drivers, as outlined in our response to the [IESBA Strategy Survey 2022](#), extracts of which are included below.

Deloitte Touche Tohmatsu Limited (DTTL)

Deloitte Global agrees with the Proposed Strategic Drivers, in particular with the Board's approach to recognizing the increasing impact of the role of Professional Accountants in Business (PAIBs) in two of the Environmental Drivers. The corporate reporting ecosystem exists to produce accurate, complete, and transparent corporate disclosures that enable markets to function properly. Auditors deliver on a public interest mandate by providing independent, objective audit services with quality and integrity. Yet auditors

do not function in isolation. This ecosystem relies on the constructive and effective functioning of all its participants, including the PAIBs within an organization. A Code with appropriate guidance for PAIBs, including senior PAIBs such as the CFO, in this everchanging, complex environment is in the public interest and Deloitte Global supports increased focus in this area.

Ernst & Young Global Limited (EY)

Yes, we agree that the strategic environmental and operational drivers identified by the Board are relevant to achieving the IESBA's vision.

Grant Thornton International Limited (GTIL)

We support the Board's proposals and believe they will enable IFAC in its mission to serve the public interest and allow the Board to achieve its objective of strengthening the IESBA Code (the Code) by continuing to set high-quality standards that will enhance the profession.

GTIL wants to thank the Board for their continued efforts to serve the public interest and acknowledges the challenges they face to set high-quality standards that will enhance the profession. While we support the Board's proposed Strategy and Work Plan for 2024 -2027,

KPMG IFRG Limited (KPMG)

In general, we agree with the proposed strategic drivers.

Meyers Norris Penny (MNP LLP)

The IESBA has identified a number of strategic drivers which may impact its vision over the next four years and has grouped these into two broad categories – Environmental and Operational.

Overall, we agree with the proposed strategic drivers in the SWP. As indicated in our response to the IESBA Strategy Survey conducted in 2022, we are pleased to see that the IESBA has placed an elevated level of importance to developing standards in the *Sustainability* area. As a firm that services mid-market and smaller public company clients in a variety of sectors, including Canada's diverse energy and agricultural sectors, we have experienced first-hand the increasing demand for sustainability reporting by investors and other stakeholders. We support the development of sustainability reporting and assurance standards that include the development of relevant ethical and independence requirements which we feel is in the public interest.

When developing standards, in particular sustainability standards, global operability is also important to us. We support the continued coordination of IESBA and IAASB projects so that new standards are consistent and interoperable including the use of similar terms and definitions.

Further, we agree that the development of standards not only has an impact on the role of PAs in Public Practice ("**PAPPs**") but Professional Accountants in Business ("**PAIBs**"). PAIBs should be held to a comparable level of ethical standards as PAPPs related to the preparation of information subject to assurance. That said, we are concerned that adding various additional prescriptive rules specific to PAIBs will make the Code unwieldy. We believe that the Fundamental Principles and Conceptual Framework already in existence provide an appropriate starting point to measure the ethical behaviour of PAIBs. Therefore, we recommend the development of non-authoritative guidance or other resources to help guide PAIBs with compliance with the Code. Generally, it is important for the IESBA to provide guidance and

develop a wide range of resources to support all PAs in the adoption and effective implementation of standard changes.

Finally, we have concerns about the pace of changes to the Code which is challenging for global standard setters keep abreast of the changes and ensure their respective Codes/Rules align. A period of “relative calm” should be considered to allow global standard setters to catch up and conform with recently approved IESBA standards. Future changes should also follow a principles-based approach. The IESBA’s goal of further increasing global adoption of the Code and supporting its effective implementation can be achieved more effectively if the Code is not overly prescriptive and allows the various jurisdictions to interpret and adopt the general principles within the standards, as appropriate, based on their own laws, regulations, and economic environment.

Moore Global Limited Network (MGNL)

Yes, the strategic drivers are in line with the changing needs of the profession.

PricewaterhouseCoopers International Limited (PWC)

We concur with the strategic drivers, both environmental and operational. With regard to the former we observe the following:

- An emerging and expanding role of non-professional accountants (“non-PAs”) in corporate reporting and we therefore encourage the Board to do whatever it is able to do to promote equivalent ethical standards for non-PAs. The Board recognises that ethics is a first line of defence in ensuring high quality corporate reporting (financial and sustainability). Ethical behaviour is vital for both preparers and assurance providers, and goes to the heart of the culture in both the preparer and assurance provider organisations. It would be very useful to reflect this language in the SWP, as it underpins the work of IESBA in the public interest. Convergence of ethical standards across similar professions and others in the reporting ecosystem is clearly desirable and in the public interest.

In addition, we note the following additional environmental drivers that can present further opportunities and challenges to IESBA achieving its vision of the strategy period.

- An increasing awareness that it is getting harder to attract and retain the right talent within the audit profession; this is a public interest issue. We encourage the Board to take appropriate steps to help promote its ethical principles and present these as positive distinguishing attributes expected of a professional accountant and high quality talent, supporting the attractiveness of the profession.
- Increasing geopolitical volatility: this is a significant macro factor that businesses are faced with and which can have ethical implications.
- Generational differences can impact ethical considerations - young people today have different expectations of professional work; the Board should remain mindful as to whether its current ethical frameworks are and remain “fit for purpose”.
- Increased ethical issues posed by Artificial Intelligence and other new disruptive technologies. We are aware that the Board is keenly aware of this and is focusing attention on this, and we believe that heightened reference to this in the SWP seems warranted.

RSM International (RSM)

Yes. We agree with the Proposed Strategic Drivers. However, some of these drivers conflict with each other. On the one hand it is important that the IESBA continues to consider whether its standards should be changed to address the evolving landscape including the rapidly evolving market and the impact of technological transformations, particularly with the impact of Artificial Intelligence. On the other hand, we are concerned that the IESBA has made significant changes over recent years, particularly with respect to the International Independence Standards.

We are therefore supportive of the strategic drivers that focus on the quality, global acceptance of, and the global operability of, the IESBA Code of Ethics. We think it is important that time is given to enable recent changes to the requirements to be bedded in and become business as usual. To facilitate this, our view is that the IESBA should focus on training and communication and the development of non-authoritative material to facilitate the adoption of the Code internationally and the effective implementation of the Code by those that follow it.

We also believe that the IESBA should strive to facilitate/achieve consistency with the standards of regulatory bodies in the major jurisdictions that have well-established independence standards. If all organisations and service-providers of audits and other assurance engagements are held to the same standards internationally, this would likely help improve public understanding and trust.

We believe that the IESBA should invest time in understanding the reasons why some jurisdictions have not adopted the Code fully so that it can take action to encourage international adoption of the Code.

The IESBA Code covers a wide range of ethical issues, has different sections for Professional Accountants in independence depending on the service provided. While this is very helpful, it can be difficult to follow and comprehend. This then impacts the effectiveness of its implementation. We therefore feel that a significant area of focus should be on what action can be taken and how the Code can be amended to allow it to become more understandable to all that are subject to it.

7. Member Bodies and Other Professional Organizations

Accountancy Europe (AE)

Yes, we agree with the environmental and operational drivers proposed by the IESBA.

American Institute of Certified Public Accountants Professional Ethics Executive Committee (AICPA)

We agree with the proposed strategic driver to further increase global adoption of the IESBA Code (code) and support its effective implementation. The significant volume of ethics, accounting and auditing standard setting, however, not only affects the timeframe in which member bodies can converge but also the professional accountant's ability to implement the standards after convergence. In that regard, we encourage IESBA to continue considering these factors when determining the prioritization of new projects, along with whether the code is fit for purpose and whether simply providing professional accountants (PAs) with guidance on how to apply the code in evolving circumstances could achieve the project objective.

Additionally, when deciding upon effective dates for code changes, IESBA should consider the volume of projects, the due process that some organizations must follow to converge, and the time needed for PAs to implement the changes after convergence. Accelerated implementation of new guidance could lead to a high risk of noncompliance and/or inconsistent application by PAs.

Association of Italian Audit Firms (Assirevi)

Assirevi is grateful for the opportunity allowed by the above-mentioned Consultation Paper and is pleased to contribute and provide some comments on the project described therein.

Assirevi fully agrees with the IESBA'S vision as stated in the Consultation Paper (i.e. *“To achieve global recognition and acceptance of its ethics (including independence) standards as being a cornerstone to ethical behavior in business and organizations, and to public trust in financial and non-financial information that is fundamental to the proper functioning and sustainability of organizations, financial markets and economies worldwide”*).

Also, we concur with the indication of the “Proposed Strategic Drivers” and “Proposed Strategic Themes” identified in the Consultation Paper.

Association of Chartered Certified Accountants (ACCA)

Yes, we agree with the Proposed Strategic Drivers.

Botswana Institute of Chartered Accountants (BICA)

The proposed Strategic Drivers are appropriate for the current professional reforms across the spectrum. In addition they reflect the commitment of the accountancy profession to public interest protection.

Chartered Accountants Australia and New Zealand (CA ANZ)

CA ANZ broadly agrees with IESBA's proposed strategic drivers. We do consider strategic themes 3 and 4 to be interchangeable and therefore could be simplified into one strategic theme and category of drivers.

The strategic drivers may benefit from a risk focused approach which considers potential threats to the reputation and good standing of the profession rather than only current, prevailing circumstances. To provide a practical example of why this is important, we draw IESBA's attention to the Australian environment where both KPMG and PwC have been the subject of adverse media attention. A number of parliamentary enquiries are currently underway focused on, amongst other matters, the ethical behaviour of professional accountants in our jurisdiction. Whilst we are yet to complete a root cause analysis of these matters, our initial view is that our local Code (which is at least equivalent to the IESBA Code) is clear on appropriate behaviour and it is the consistent application of the Code that is at the source of these two matters.

CA ANZ has recently completed an extensive review of our [Professional Conduct Framework](#). As a result of one recommendation, CA ANZ will be exploring a change to our local Code.

The recommendation, if adopted by the local standard setter, the Accounting Professional and Ethics Standards Board, would introduce a requirement for PAs to report wrongdoing committed by other PAs.

The Chamber of Auditors of the Czech Republic (CACR)

We agree with IESBA proposal.

Certified Professional Accountants Australia (CPAA)

CPA Australia broadly agrees with the proposed Strategic Drivers.

We believe it is important that high quality standards can be developed in a timely manner to respond to market developments of significant public interest including sustainability, technological transformation and the expanding role of the accounting profession in business. We also acknowledge the need to balance the pressure to react to such instances and the feedback from a broad range of stakeholders.

However, the volume, pace and number of recent changes is negatively impacting the ability of the profession to adopt and implement such changes, especially professional accountants in public practice (PAPP) including those in small to medium practices (SMP).

To address this, we believe that as part of the initial project proposal, the IESBA could undertake a robust and rigorous assessment of any proposed changes, which should include for example covering costs related to translation, consideration of any national specifics, staff training and methodology changes.

Such a thorough cost/benefit exercise may help guide the determination on whether, and the extent of, any future revisions may be necessary or if separate guidance could be issued instead.

We would also like to see the IESBA's proposed response to include aspects of sustainability beyond climate, noting the International Sustainability Standards Board's (ISSB) current consultation on its future agenda as a source of inspiration on potential aspects.

Chartered Professional Accountants Canada Public Trust Committee PA Canada (CPAC)

The PTC is generally supportive of the proposed strategic drivers and agrees with the IESBA that they present both opportunities and challenges. We have provided below observations and views that arose through stakeholder feedback:

Rapidly Growing Market and Public Demand for Sustainability Information

The IESBA's commitment to ethics and independence standards for sustainability assurance is well reflected in the SWP. However, it is not clear how this will be relevant if local regulators and legislators do not require sustainability assurance and compliance with the IESBA's standards in this regard. Further, it is unclear who will measure compliance with the standards and enforce them unless local regulators and legislators determine this.

The SWP frequently refers to profession agnostic standards which is a concern given our understanding that markets in various jurisdictions will include other service providers of sustainability assurance that are not members of any profession. The risk is that the IESBA is providing credibility through its standards, described as profession agnostic, when used by non-professionals and that failure to comply fully with the standards or for them to be enforced will result in negative experiences by stakeholders with the IESBA's standards developed for and used by the accounting profession.

Given the issues noted above, we believe it is necessary for the IESBA to have and to share its plan as to how it will achieve broad international adoption that will maintain both the quality of the standards as they apply to professional accountants and with the continued support of stakeholders globally as the standards are utilized by professionals and non-professionals alike. The PTC believes there are risks if these standards are not effectively regulated and that this could undermine the overall reliability

associated with reporting indicated to be in compliance with the IESBA standards. Ultimately, a lack of effective regulation of all users of the standards may have the effect of restricting those providing services in the marketplace to only those who are regulated, as members of professions are, thereby undermining the intent to have service provider agnostic standards.

The Expanding Roles of Professional Accountants in Business

We agree that PAIBs are experiencing change in business and in their roles. Their work is fundamental to the organizations they are part of and to the audit process that ultimately provides stakeholders with financial and other information. As IESBA considers this Strategic Driver, we observe that the position of CFO is often held by individuals with backgrounds other than professional accounting. We believe that IESBA should consider stakeholder expectations of whether all CFOs (or any other position or role that IESBA chooses to address) would be held to the same high standards as those who are professional accountants. This is an important consideration of the sustainability of the global accounting profession which is in the public interest.

Heightened Stakeholder Expectations for Greater Timeliness

The PTC fully supports timely standard setting and believes that enforceability is critical for the effective implementation of standards. The PTC thinks there is also an overall need to provide stability in the Code for implementation, compliance, and enforcement.

Generally, the PTC believes that the more principles based IESBA Code should allow for greater application and a balancing of principles and specific rules such that some issues may be appropriately addressed in a timely fashion through guidance support and other resources issued by the IESBA.

The Imperatives of Quality and Global Acceptance of the IESBA's Standards

The Consultation Paper references the extensive effort and outreach planned globally with other boards, stakeholders including NSS and regulators, preparers, investors, those in the accounting profession and the community of sustainability assurance providers outside the accountancy profession. The PTC believes these will be ambitious efforts that are important in ensuring the relevance of the Code and that adequate and appropriate resourcing will be critical.

Further Increasing Global Adoption of the Code and Supporting Its Effective Implementation

The PTC appreciates that the IESBA acknowledges the capacity of the market to assimilate new or revised IESBA standards and hopes that this will continue to be considered as an important factor, among others, in determining the number and prioritization of IESBA's standard-setting projects and in setting effective dates for final standards. The PTC thinks that it is important that the pace of change in the Code be reflective of the public interest, which can involve a number of factors, not just timeliness. For example, engaging new stakeholders for sustainability assurance will contribute to the quality of the standards as well as global adoption but may prolong timelines.

It was noted that a review by the IESBA of the experience of those jurisdictions that have adopted the Code would be valuable to those jurisdictions contemplating same. This could include consideration of how the Code has been tailored or augmented in addition to the compliance and enforcement experience in utilizing the Code. Such a review would also be helpful in understanding resources or support needed for implementation of the latest version of the Code.

Hong Kong Institute of Certified Public Accountants (HKICPA)

Overall, we support the proposed strategy and work plan set forth in the CP, including the proposed strategic drivers, strategic themes, strategic actions and the work streams for 2024–2027.

Sustainability reporting has become a widely adopted practice among companies and this trend is expected to continue growing in the coming years. There is a rapidly growing demand for the development of assurance standards and ethics standards for sustainability reporting to enhance public trust in the profession. We fully support the IESBA's decision to prioritize the sustainability project to develop profession-agnostic independence standards for sustainability assurance, as well as ethics standards for sustainability reporting and assurance. This demonstrates a strong dedication to promoting ethical behavior and enhancing the credibility of sustainability reporting, ultimately benefiting stakeholders and the public interest. We also encourage the IESBA to continue engaging with regulators to emphasize the significance of ensuring consistency in engagement performance and adhering to the high ethics standards on sustainability assurance, not only for providers within the accountancy profession but also for those outside of it. Non-professional accountants who provide assurance services are generally not subject to the same level of regulation as professional accountants, but it is still important for them to adhere to the principles and standards set out in the IESBA Code of Ethics for Professional Accountants (including International Independence Standards) (Code) in order to maintain their credibility and the integrity of their services.

Irish Auditing and Accounting Supervisory Authority (IAASA)

The Irish Auditing and Accounting Supervisory Authority (IAASA) appreciates the opportunity to comment on IESBA's consultation on its Proposed Strategy and Work Plan, 2024-2027 (CP).

In Ireland, the IESBA Code forms the basis for the Ethical Standard for Auditors (Ireland) issued by IAASA as well the code of ethics of each of the prescribed accountancy bodies. IAASA clearly sees an interest in enhancing the content of the IESBA Code, as it constitutes the basis for the ethical requirements with which auditors and accountants in Ireland are required to comply.

Ikatan Akuran Indonesia (IAI)

We broadly agree with the grouping of environmental and operational drivers, and welcome the emphasis on expanding the role of PAIB in addressing ethical concerns and challenges, as well as issues that arise in a sustainable economy.

We agree with the drivers of the trust crisis and other repercussions of recurring high corporate failures. We strongly agree that anticipating this require effective corporate governance and comprehensive risk management. However, we realize that no system will provide a perfect guarantee that can eliminate the possibility of failure.

Institute of Chartered Accountants in England and Wales (ICAEW)

ICAEW agrees with the operational and environmental drivers identified by IESBA, including the public and market demand for sustainability information and the evolving role of the CFO.

Institute of Chartered Accountants of Nigeria (ICAN)

Yes, we agree with the IESBA's *Proposed Strategic Drivers* described in the document.

Institute of Chartered Accountants of Scotland (ICAS)

Yes – we agree with the Proposed Strategic Drivers.

Institut der Wirtschaftsprüfer (IDW)

Subject to our comments below, the IDW agrees with the proposed strategic drivers.

Additional Strategic Driver – Attractiveness of the Profession

The IDW would like to suggest the IESBA take into consideration the needs of young professionals as a further strategic driver. Ultimately it falls to audit firms and regional professional bodies to explain the role of the profession to potential young professionals and thus ensure their impression of the profession means that it is attractive to them. However, the IESBA Code plays a double and partly contradictory role. On the one hand, the IESBA Code serves to demonstrate to young professionals the high ethical standards and responsibilities to which members of the accountancy and auditing profession shall adhere. On the other hand, the IESBA Code can appear as overly complex, bureaucratic, and thus intimidating.

Environmental drivers – Rapidly Growing Market and Public Demand for Sustainability Information and Trust Crisis and Other Repercussions from Recurring High-profile Corporate Failures

Paragraph 8 notes the demand for sustainability related information that is reliable and comparable. The IDW supports this and, based upon our understanding, agrees that these are the two key characteristics being asked for by stakeholders from the investor community.

We acknowledge that jurisdictional requirements for reported information to be subject to assurance will play a key role in fostering reliable and comparable sustainability information. However, given the fact that many jurisdictions are at the start of a sustainability-reporting journey, we suggest the IESBA look at the role of all players within the broader reporting eco-system – not just assurance service providers, but also those who prepare the reporting.

In the context of developing the IESBA Code further, this involves that information that is being prepared is reliable and comparable in the first place, i.e., irrespective of whether it is subject to assurance.

We note that paragraph 15 alludes to the roles of “others” in the context of preparing and reporting on sustainability information in the context of greenwashing. Individuals who are not PAIBs but have key roles within an Audit Committee (AC) ought to perform their duties in an ethical manner. One way to address this might be for all CFOs to take on an ethical responsibility to put in place a Code of Conduct for all such “other” staff under their responsibility to mirror the relevant aspects of the IESBA Code applicable to PAIBs.

We note that the IESBA’s new project on experts involves consideration of aspects, such as independent assurance on sustainability reporting, and believe this should go beyond this to also encompass experts involved in preparation, when they play a significant role.

Operational Drivers – The Imperatives of Quality and Global Acceptance of the IESBA’s Standards

Although we understand that the IESBA as a global standard setter needs to reach out to all those currently providing assurance services in relation to sustainability information, we question the method of referring solely to the current situation in a single jurisdiction (footnote 8 in paragraph 22) in support of the IESBA’s rationale for so doing. This risks to give an unbalanced picture and is not globally representative. Other publicly available relevant material pertaining to the current assurance landscape globally (e.g., IOSCO and IFAC) ought also to be provided as a reference in this context.

Operational Drivers – Global Operability of the IESBA’s Standards

The IDW welcomes the consideration of the global operability of the IESBA's standards. In this regard, we do not believe the focus of paragraphs 23 to 25 should be primarily on coordination with other standard setters. Global operability is only achievable when those who are expected to adhere to the Code and its supporting Standards actually do so. Consequently, the focus should be on actual adherence to the Code in practice.

Thus, a key issue that needs to be reflected in the section on global operability of the IESBA's standards is the capacity for all professional accountants to adhere to the IESBA Code and its Standards. Stakeholders have increasingly expressed concerns at the pace of change as a significant issue in this context. If they have difficulties in keeping up with the pace of change the aims of the Code risks to fail. We note that not only SMPs have such difficulties. Other than the very few large, well-resourced professional oversight, regulatory and disciplinary bodies, most such bodies have such difficulties as well. This is a key issue the IESBA might want to look at sufficiently broadly in this strategy and work plan consultation, as we outline in more detail below.

Operational Drivers – Further Increasing Global Adoption of the Code and Supporting Its Effective Implementation

We note that in paragraph 27 the IESBA acknowledges calls to temper the pace of change and focus on non-authoritative material to assist users understanding and foster consistent application.

The IDW made similar remarks to the IAASB in its recent letter on the IAASB's Proposed Strategy and Work Plan for 2024-2027. The IDW points out that there needs to be some recognition that both auditors, and audit oversight authorities and regulators, require time and resources to appropriately deal with fundamental changes in standards. This is why seeking stable platforms for longer periods of time is important. The ability of the largest and most well-resourced audit firms, audit oversight authorities and audit regulators should not represent the benchmark for the time needed to deal with changes in standards. There is a public good in having standards represent a stable platform over time rather than being subjected to continual fundamental change, which engenders both increased implementation costs and the risks of inappropriate implementation compared to when major changes are required in stages over longer periods of time. This issue is connected to the robustness of standards over time – that is, standards should be written in a principles-based manner so that they stand the test of time and are less subject to disruption.

In our view, these points apply equally to the IESBA Code.

Institute of Singapore Chartered Accountants (ISCA)

No comment

Japanese Institute of Certified Public Accountants (JICPA)

We agree with the IESBA's Proposed Strategic Drivers. In particular, we agree with the views described in paragraph 27 of the Consultation Paper. We believe that the development of resources including non-authoritative material (NAM) would play an extraordinarily important role to assist users in understanding and applying new or revised provisions of the International Code of Ethics for Professional Accountants (*including International Independence Standards*) (the Code).

The ongoing impact of technological transformations is cited as one of the environmental drivers. We suggest that the situations described below should also be taken into account when considering strategic themes and strategic actions based on these environmental drivers. With partial revisions and refinement,

we have restated our comments made in response to the Exposure Draft of “Proposed Technology-related Revisions to the Code” as follows.

We believe that the revised Code considers the ongoing impact of technological transformations, appropriately establishing new requirements in the Code pertaining to such technology-related issues as the acquisition of the relevant knowledge and its application, having an inquiring mind, and identifying and addressing threats. On the other hand, the revised Code has been more stringent for professional accountants with regard to non-assurance services related to IT systems, deleting the existing requirements such as those related to technological tools (off-the-shelf package software) that had been considered not to create threats to independence. Going forward, the impact of the use of technology on the behavior of professional accountants is likely to become increasingly significant.

There is also a view that, where firms or network firms offer automated services, in some cases, threats to independence would not be created. For example, in the case of the provision of non-assurance services for secretarial document management, if automation were implemented under certain conditions, threats to independence could be prevented from being created without any change to the value of the provision of the services.

In response to the advance of technology, firms and network firms have been developing new services in a variety of forms. Furthermore, it is generally said that clients eagerly expect firms and network firms for the provision of non-assurance IT systems services, especially when the clients are seeking to introduce a cutting-edge technology for the purpose of ensuring and strengthening the robustness of their operations (e.g., managing the spread of infectious diseases or using AI to detect fraud and harassment-related emails). In these situations, we believe that there is a need to set up the Code that responds to technological developments, in order for professional accountants to use their years of experience and meet the demands of society.

There is an argument that setting rules for technology in areas other than those related to accounting tools would have limited benefits in practice. Now that firms and network firms are expected to make contributions to a variety of areas, we believe that the advantages of clarifying standards would be very significant.

Finally, while we acknowledge that some elements of this suggestion are challenging, this is our suggestion for the benefit of the next generation who will lead the profession. With the progress of development in AI and other technologies, it is possible that operations performed by humans in the field of accounting will be replaced. If the accountancy profession becomes one in which requirements only ever become more stringent, we concern that the profession will become less attractive than other professions that can compete through the use of free thinking, thus hindering individuals with cutting-edge skills in technology joining the profession. We hope that standards-setting activities will keep pace with new technology and take into account the areas in which such technology can be leveraged.

Korean Institute of Certified Public Accountants (KICPA)

In general, the KICPA agrees with the “Proposed IESBA Strategy and Work Plan, 2024-2027”.

Pan-African Federation of Accountants (PAFA)

PAFA agrees with the proposed strategic drivers as articulated.

Pennsylvania Institute of Certified Public Accountants (PICPA)

Ongoing impact of technological transformation – The committee notes that the prevalent challenge with respect to ethics and technology is not clearly articulated in the strategic themes.

While the committee acknowledges that the IESBA has devoted significant resources to this area (making revisions to the Code to incorporate the impact of technology, working on a current project on the use of experts, and several in-depth reports on technology, etc.), many practitioners are beginning to implement new technologies. As a result, the committee supports a clearer strategy for monitoring and addressing emerging ethical issues related to disruptive technologies.

Sustainability information and the expanding roles of professional accountants in business – The committee agrees with the identified trends and supports the IESBA's efforts to encourage the adoption of the IESBA Code of Professional Conduct by professionals beyond those in public accounting and professional accountants in business.

Trust crisis and other – The committee acknowledges the challenges associated with recent highprofile scandals and collapses of several large public companies due to fraud. The committee agrees that the focus on high-quality audits is important and that there are business environment challenges (e.g., training, firm culture, talent shortages) that are stymying the deployment of technologies that can help with fraud prevention and detection. Contrary to the concerns noted in the consultation paper, the committee believes that audit firms with a multidisciplinary business model are more likely to have greater expertise to deploy on their audits than other audit firms.

Additionally, the committee notes that there is a need for greater accountability for management and those charged with governance. The committee therefore agrees with the effort to broaden the applicability of the Code to other professionals in the financial reporting ecosystem.

South African Institute of Chartered Accountants (SAICA)

SAICA agrees with the IESBA's Proposed Strategic Drivers.

The IESBA's Proposed Strategic Drivers address various important aspects of the accounting profession and its changing environment. The strategic drivers are in line with the changing needs of the profession and reflect the current trends and challenges faced by the accounting profession. Their inclusion suggests that the IESBA is actively considering these factors to ensure the relevance and effectiveness of its standards in a rapidly changing environment.

Wirtschaftsprüferkammer (WPK)

We principally agree with the environmental and operational drivers proposed by the IESBA. However, we are not in a position to comment on the roles of professional accountants in business (PAIB) since German law does not allow for PAIB.

8. Individuals and Others

European Federation of Accountants and Auditors for Small and Medium Entities (EFAA)

We agree with the proposed strategic drivers.

International Federation for Accountants Public Accountants in Business Advisory Group (IFAC PAIBAG)

- We broadly agree with the environmental and operational drivers and particularly welcome the emphasis on the expanding roles of PAIBs. The PAIB Advisory Group's agenda, which contributes to IFAC's [IMPACT](#) approach, has a key focus on professional accountants as CFOs, business leaders and trusted value partners. We have compiled a number of case studies to highlight the challenges and opportunities for PAIBs across various roles as finance and business leaders, internal auditors, risk managers and analysts, and in broader commercial roles including procurement and supply chain management. Case studies and other materials can be found here: [Professional Accountants as Business Leaders and Value Partners | IFAC Content Series | IFAC](#). This page is periodically updated with new case studies and insights after each PAIB Advisory Group meeting.
- We agree with the driver '*trust crisis and other repercussions from recurring high-corporate failures.*' Enhancing corporate behavior and trust in boards and audit committees is also a key priority on the PAIB Advisory Group's agenda. We note that greenwashing has been included as the only example issue from a PAIB perspective, and while we agree it can be an issue, in terms of addressing corporate failure, this is not the primary cause or the most pertinent issue to highlight. Effective corporate governance and risk management are needed to reduce the likelihood, and the damage, caused by failures. No system will give perfect assurance that there will be no organizational failure. To understand the root causes of company failures, including whether there were any ethical breaches, there is much that can be learned from investigations into past failures. A key message to the PAIB Advisory Group in a session on the topic was that more regulation will not necessarily address the root causes of company failure. Further insights from that session, including recommendations for boards are summarized in the article: [A Focus on Value Creation and Risk Needed to Improve Corporate Governance | IFAC](#).
- The PAIB Advisory Group also advocates that effective enterprise risk management (ERM) needs to be part of the professional accountant mindset and makeup and highlights the importance of the contribution of professional accountants to effective ERM in their roles as chief financial officers (CFO) and within finance functions. See [Enabling the Accountant's Role in Effective Enterprise Risk Management | IFAC](#). An integrated mindset in the boardroom is also key to ensure effective oversight of risks and connectivity of the board and board committee agendas to see a complete picture and effectively link operational performance to strategic delivery.
- The comment in paragraph 15 of the consultation paper that "*PAIBs are not subject to the same level of independent regulatory oversight as auditors*" may imply that there is not currently enough regulatory oversight of PAIBs. We do not believe this to be the case as, depending on their role, PAIBs are subject to various national regulations, and we would caution against suggesting that PAIBs need more regulatory oversight.

Munarriz CE

Yes, I generally agree. However, I do not think the IESBA should extend its focus to develop profession-agnostic subject matter standards (e.g. sustainability) as it would be contradictory with the fact of IESBA being a standard-setter focused in the accountancy profession. Also, even if IESBA decides to follow that approach, it would be contradictory with the tax planning project only being applicable to tax accountants (instead of all professionals providing tax planning services like it is intended in the case of sustainability).

Also I am skeptical in the feasibility of individuals from other professions being able to apply a separate sustainability standard without the background and knowledge of the full IESBA code in a consistent manner.

In addition, I cannot see how jurisdictions can adopt the standards for use of individuals from other professions that are not regulated by IFAC members.

International Federation for Accountants Small and Medium Practices Advisory Group (IFAC SMPAG)

The SMPAG broadly agrees with the proposed Strategic Drivers but has some comments. We believe that 'Further Increasing Global Adoption of the Code and Supporting Its Effective Implementation' is very important given the volume, pace and number of recent changes, which is having a significant impact globally on adoption and implementation. As acknowledged, working closely with IFAC and collaborating to document the latest status of adoption will also help inform the Board about any issues that need to be addressed with further guidance or adoption and implementation support, including outreach. An increased focus on these activities is needed more than on further new revisions to the Code.

We understand the Board needs to balance the pressure to both react to changes in the marketplace and feedback from a spectrum of stakeholders, but we believe it needs to be more sensitive to the impact of changes on the accountancy profession, including on audit firms (especially SMPs), PAOs and translating bodies etc. The IESBA could explore how it can enhance its work through undertaking more robust and rigorous impact assessments of any proposed changes as part of the initial project proposal (e.g., covering costs related to translation, consideration of any national specifics, staff training, methodology changes, etc.). Such a thorough cost/benefit exercise may help guide the determination on whether, and the extent of, any future revisions may be necessary or if separate guidance could be issued instead.

Looking specifically at the environmental drivers outlined, an argument can be made that these are seeking to address public trust issues within the profession. This poses a risk that the areas selected are focused only on areas of greatest public concern at present, such as sustainability. IESBA should ensure that any confirmation bias is avoided in selecting strategic drivers. It is possible that the areas where guidance will add greatest value for Professional Accountants (PAs) would not necessarily be those the public are most concerned with and IESBA should be mindful of this. Trust in the profession is undoubtedly important, but in many jurisdictions, the focus is more on the effectiveness of the profession and how poor quality and other issues can create barriers to attracting talent. As trust is predicated on effectiveness, some focus on considerations like quality and competence may have been useful.