

### IESBA Strategy and Work Plan 2024 – 2027

#### SWP – Reference Material – NVivo Respondent Summary Analysis

##### Consultation Paper Q3:

Do you support the IESBA considering the topics set out in Table B as potential work streams? If so, please also share your views on any specific issues or questions you believe the IESBA should consider under these topics. If not, please explain your reasons.

#### 1. Monitoring Group

##### International Forum of Independent Audit Regulators (IFIAR)

###### Key concepts and terms

We encourage IESBA and the IAASB to streamline terms and definitions where possible to encourage adoption of the Code by other assurance providers as envisioned under the sustainability projects of both IESBA and IAASB.

##### International Organization of Securities Commissions (IOSCO)

###### Potential New Topics Identified (Table B)

We believe the IESBA should prioritize the following, subject to staffing resources:

- Audit firm — audit client relationships (including "network firm" definition reconsideration)
- Business relationships – See "Materiality" discussion below
- Definitions and Descriptions of Terms

We also believe consideration should be given to whether less time intensive Code updates like modifying the definition of "network firm" could be considered as a narrow scope or targeted amendment to the Code versus a more involved project. This could permit expedited responses in response to the public interest. Subject to high priority projects continuing to be adequately resourced and progressed, the work plan should allow some flexibility for resources to be reallocated to address important new issues as they arise.

###### Materiality:

We would like to emphasize the importance of both prioritizing and providing guidance on how to evaluate materiality as we see this as one area that the Board should consider in strengthening independence standards. In prior comment letters, we identified various shortcomings in the Code that should be addressed. Specifically, the Board should consider whether the following arrangements should not be permitted by the Code irrespective of materiality and significance:

- a) A firm, a member of the audit team or a member of that individual's immediate family may make or guarantee a loan to an audit client, provided the loan or guarantee is immaterial to the firm or individual and the client (paragraph R511.4); and
- b) A firm, a network firm or an audit team member shall not have a close business relationship with an audit client or its management unless any financial interest is immaterial and the business

relationship is insignificant to the client or its management and the firm, the network firm or the audit team member, as applicable. [Business Relationship section 520 (R520.4) / reworded in 2018 Code but generally same meaning adding "network firm" and swapped "immediate family member" for "close" as shown above].

## **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)**

#### **Proposed Work Plan for 2024-2027**

In general, we support the new potential work streams identified in Table B.

In line with our remarks in paragraph 7 under Overall Comments, we welcome the inclusion of only a few new work streams. The planned Post Implementation Reviews that have been added to the work plan will enable us to assess whether recent changes to the Code have been effective. They will also assist with identifying areas that require implementation support.

#### ***Recommendations by the Technology Working Group (TWG)***

We commend the TWG for the work it has performed to produce the insights and recommendations contained in the [Phase 2 Report](#). We therefore express our support for the potential new work streams stemming from this report, namely:

- Business Relationships;
- Custody of Data; and
- Communication with Those Charged with Governance.

#### ***Role of Chief Financial Officers and Other Senior Professional Accountants in Business***

We reiterate the support we expressed for this workstream in our response to the Proposed Strategy and Work Plan questionnaire. In South Africa, especially, the auditing and accounting profession has been under heavy criticism. Some of the issues that have made headlines in the media include, but are not limited to:

1. Collusion;
2. Bribery;
3. Facilitation;
4. Conflict of interest;
5. Increased pressures on accountants/auditors when businesses are under financial distress;
6. Whistleblowing;
7. NOCLAR; and
8. Complacency.

### ***Audit Firm – Audit Client Relationship***

We support this workstream but echo the view in our response to the Proposed Strategy and Work Plan questionnaire that only changes in substance may enhance independence between the auditor and the audit client. Therefore, the focus of the project should shift from mere changes in terminology to potentially including a consideration of, for example:

1. Changes in how the auditor communicates with the audit client/management, i.e. if communications were to be channelled strictly through the audit committee that is an independent party;
2. Changes to how audit teams are structured, i.e. requiring fee negotiations to be separated from the audit or the signing partner's responsibilities; or
3. Decreasing the auditor's dependency on the audit client/management through, for example, how fees are paid or structured (audit client payer model changes).

### ***Definitions and Descriptions of Terms***

We support this workstream, in the context of enhanced operability.

## **National Association of State Boards of Accountancy (NASBA)**

NASBA supports the IESBA considering the topics set out in Table B as potential work streams.

## **United Kingdom Financial Reporting Council (UKFRC)**

We would encourage the IESBA to primarily focus on matters which pose urgent public interest considerations. There are three projects that we would particularly highlight. We welcome the proposed work on the audit firm – audit client relationship, since moving the terminology away from 'audit client' is an important aspect of strengthening a public interest mindset amongst auditors. We also consider that the proposed workstream on threats to independence arising from business relationships is an important one. Finally, we also support the proposed work to align where possible the definitions and descriptions of terms within the Code with the corresponding IAASB definitions.

## **4. National Auditing Standard Setters**

### **Accounting Professional & Ethics Standards Board (APESB)**

APESB is supportive of the IESBA considering the potential workstreams identified in Table B in the Consultation Paper. APESB's comments on each identified workstream are as follows:

#### ***Role of CFOs and Other Senior PAIBs***

We support this proposed work stream and the IESBA gathering insights into the ethical issues and challenges faced by CFOs and PAs in Business (PAIBs).

In Australia, approximately 70% of professional accountants are PAIBs. The PAIBs hold significant responsibility in the financial reporting process of organisations, ensuring the reliability and accuracy of the financial information they prepare. However, the IESBA Code predominantly focused on ethical

requirements for auditors, with relatively less focus on addressing the specific ethical requirements applicable to PAIBs.

APESB encourages the IESBA to consider the professional competence of PAIBs in meeting the relevant ethical requirements. Having resources developed explicitly for the PAIBs to help them understand their professional and ethical responsibilities and develop the necessary skills to meet the IESBA Code requirements promptly would be beneficial.

In particular, APESB believe the IESBA should consider the potential impacts of excessive reliance on AI and digital technology in information gathering. Generative AI, like Chat GPT, carries the risk of producing inaccurate summaries and information.

Overreliance on AI undermines the professional judgement and inquiring mind of accountants and the integrity of AI-generated information. APESB believes it is important to consistently verify the accuracy of AI-generated information before it is used, and this consideration should be included in application material for PAIBs.

APESB also recognises the expanded roles of CFOs and PAIBs in supporting organisations in sustainability reporting. APESB supports the IESBA's commitment to developing timely ethics standards, which are essential for meeting the increasing needs of stakeholders for sustainability information.

#### Business Relationships

APESB supports a holistic review of section 520 of the IESBA Code, including addressing the independence considerations for these arrangements and setting criteria for exceptions for certain business relationships.

#### Custody of Data

Given the increasing use of digital technology in accessing or holding data, it is becoming vital for the PAs to ensure data confidentiality and security by controlling who has access to financial or non-financial data belonging to clients, customers or other third parties. A data breach can negatively impact the accounting firm's reputation for privacy protection and possibly lead to financial and legal consequences.

Accordingly, APESB supports the consideration by IESBA to include ethical implications relating to the custody of data in Part 3 of the IESBA Code.

#### Communication with Those Charged with Governance

APESB supports this proposed workstream to review existing, and consider new provisions relating to "communication with those charged with governance (TCWG)" in the IESBA Code.

APESB agrees that the IESBA Code should clearly set out the requirements for professional accountants to communicate with TCWG across all relevant professional activities, such as sustainability reporting, use of experts, and provision of non-assurance and tax planning services.

APESB is of the view that engaging with TCWG for this work stream would enhance transparency and offer an opportunity for TCWG to understand the nature and scope of services provided by PAs. Furthermore, it will provide an assessment of how TCWG interpret this communication and whether it is used to consider whether the provision of multiple services will pose a threat to the independence of PAs.

APESB is supportive of this work stream considering the outputs of the Use of Experts project.

### Definition and Descriptions of Terms

APESB supports the IESBA working with the IAASB to ensure consistency of terms used in the IESBA Code and the IAASB standards. APESB believes that aligning terms and definitions of the two Boards' standards is vital to its operability.

In Australia, APESB seeks to align itself closely with the AUASB Standards to ensure the Code's and AUASB Standards' operability for the benefit of Assurance practitioners and other stakeholders in Australia.

### Audit Firm – Audit Client Relationship

APESB recognises the inherent self-interest threat when fees are negotiated and paid by an audit client.

Currently, the IESBA Code provides guidance on the list of relevant factors in identifying and evaluating the level of self-interest threats arising from fees charged to audit clients, as well as examples of safeguards that may address such threats.

APESB believes that it would be more effective for the IESBA to prioritize promoting the existing provisions in the Code that address the self-interest threat rather than focus on a term used in the Code.

## **New Zealand Auditing & Assurance Standard Board (XRB)**

We support the IESBA considering the Table B potential workstreams. Our comments are set out below.

### **Role of CFOs and Other Senior PAIBs**

We recognise that it is important for the IESBA to gather information on the evolving roles of CFOs and other PAIBs given rapidly developing changes in their environment. This is especially so given rapidly developing changes in technology as well as an increasing market demand for sustainability information which will require CFOs to have a much broader focus on non-financial information. The dynamics of the new sustainability environment will require CFOs and PAIB's to acquire new skills to work in a multi-disciplinary manner in teams with other experts.

### **Business Relationships**

We consider this to be an important potential workstream for the IESBA given the findings of the Technology Working Group (Final Phase 2 Report) – that the profession is experiencing a rise in strategic and commercial relationships between accounting firms and technology and other companies, and that section 520 of the Code does not address these broader business relationships.

We encourage the IESBA to think beyond technology to all strategic commercial relationships. For example, there will be strategic commercial relationships in the sustainability space as well.

This is an important area for the IESBA to address given the impact of close business relationships on independence and the importance of maintaining trust and confidence in the profession.

### **Audit Firm – Audit Client Relationship**

Given the significant impact of this relationship on independence we are supportive of the IESBA exploring whether the Code as a whole continues to provide a framework that addresses the potential ethical impact arising from the firm-client relationship.

### **Definitions and Descriptions of Terms**

While supportive of this project, we consider it should be extended more broadly than consistency in the definitions and descriptions used in standards issued by the IESBA and IAASB to ensure the appropriateness of definitions and descriptions for other professions.

Ensuring terminology is accepted by all professions is particularly important if the IESBA is to develop fit for purpose, profession-agnostic globally accepted standards for ethics and independence requirements for those preparing and assuring sustainability information.

### **Custody of Data**

We are supportive of this project, especially as data is the foundation of all financial and non-financial (e.g., sustainability) reporting. It is important that the IESBA addresses the ethics challenges related to data governance and management (including cybersecurity). This project could help improve data security by providing guidance on safeguards that should be in place to protect data.

### **Communication with Those Charged with Governance**

We consider this potential workstream to be important given the increasing reliance that will be placed on both the use of technology and experts in the sustainability reporting and assurance space.

## **5. Accounting Firms**

### **BDO International Limited (BDO)**

BDO supports the IESBA considering the topics set out in Table B as potential workstreams, with some reservations regarding the project relating to the “audit firm-audit client” relationship, as outlined in our response to the [IESBA Strategy Survey 2022](#), extracts of which are included below.

#### **Role of Chief Financial Officers (CFOs) and other senior PAIBs**

BDO questions whether PAIBs **understand** the authority of the IESBA Code within their organisations or have sufficient knowledge of the provisions of the IESBA Code and how it applies to their roles within their organisations.

BDO believes that PAIBs have a key role to play in the financial reporting ecosystem in protecting the public interest and that NAM regarding how PAIBs should address familiarity threats in the context of their work for employing organizations will raise the ethical bar for PAIBs.

BDO suggests that the ethical leadership responsibility of PAIBs as addressed through the Role and Mindset provisions in the Code, should be emphasised through detailed guidance by IESBA in the form of NAM. This could include more ethics guidance/ directives for PAIBs in directorship roles.

BDO encourages the IESBA to action projects that reduce the disparity between the ethical expectations of Professional Accountants in Public Practice (PAPPs) and PAIBs, specifically focused on the role of PAIBs in protecting the public interest.

#### **Business relationships**

BDO believes that the inclusion of a definition for the term “*business relationship*” in the IESBA Code should be a priority for the IESBA due to the growing number of activities involving the auditor or auditing company with different business relationships and the limited guidance and other resources available on this topic.

In addition to including a definition for the term “*business relationship*”, BDO suggests that the IESBA

provide more guidance and clarity on this matter through the issuance of NAM such as FAQ's and examples.

BDO is of the view that the current IIS provisions contained in the IESBA Code are sufficient to address the current independence challenges pertaining to business relationships.

### **Audit firm - audit client relationship**

BDO agrees that the IESBA should explore whether it continues to remain appropriate for the IESBA Code to use the term "audit client" as opposed to the "audited entity" or "entity subject to audit" as this recognises that the ultimate beneficial client is not the entity itself but the entity's owners or shareholders.

BDO is of the view that the current IIS provisions contained in the IESBA Code are sufficient to address the current independence challenges pertaining to the inherent risk related to the audit client payer model.

### **Definitions and descriptions of terms**

BDO supports the alignment of definitions of the terms used in the IESBA Code with the corresponding IAASB definitions.

In addition to considering defining "business relationship", BDO recommends that the IESBA also considers defining "*advice and recommendations*".

### **Custody of data**

The concept of "*custody/hosting*" is undefined and therefore open to interpretation. The term "*data*" is also undefined and broad in scope. BDO recommends that the IESBA defines these as part of its proposed project.

When investigating the ethical implications of a PA's custody of financial or non- financial data, BDO recommends that the IESBA considers the specific type of data being hosted, the method of hosting and the purpose of hosting the data.

### **Communication with those charged with governance**

BDO agrees that there is merit in adding new provisions relating to "communication with those charged with governance" in Section 300 to stimulate meaningful communication with TCWG by PAs about risks and exposures that might affect the PA's compliance with the fundamental principles, and, where applicable, independence requirements because this further enforces the joint responsibility of auditors and TCWG to comply with the fundamental principles.

### **Deloitte Touche Tohmatsu Limited (DTTL)**

As stated above, we are supportive of a project to consider further enhancements to the Code to support PAIBs. As it relates to the other topics in Table B, we urge the Board to make evidence-based decisions about new workstreams or topics of focus where there is a real problem to solve or a need to make real and impactful improvements. Deloitte Global is not aware of the existence of any systemic issues related to the topics included in Table B that would result in inconsistencies in interpretation of application – or breaches of independence requirements. We therefore do not consider these potential workstreams to be critical future strategic priorities, especially given the Board's agenda is already very ambitious.

Deloitte Global encourages the Board to complete its current projects, prioritize post-implementation reviews and focus on developing more implementation guidance and education materials. We recommend the Board consider future standard setting changes once the Board has undertaken post-implementation reviews

## **Ernst & Young Global Limited (EY)**

### Role of CFOs and Other Senior PAIBs

We support this topic as a potential work stream for the reasons the IESBA articulated in its SWP. We agree that the Code provides a strong ethics standard that, with the appropriate enhancements, would support CFOs in addressing ethical issues and challenges with respect to their responsibilities for reporting on financial and non-financial information, as well as other areas of CFOs' expanding functional responsibilities.

### Business Relationships

We do not support this topic as a potential work stream because we believe the Code is sufficiently robust and developed in this area, taking the changes already approved in the Technology project into account. We are opposed to removing the criteria exceptions for materiality and significance under Section 520 since there are many inconsequential business relationships that have no impact on independence that the Code properly recognizes as not material.

### Audit Firm – Audit Client Relationship

We do not support this topic as a potential work stream. In light of the significant enhancements resulting from recent projects, we do not believe this issue of the audit firm and audit client relationship is relevant. Issues that might have previously existed that would call into question the nature of the relationship have been addressed through recent projects, in particular the Fees and NAS projects. The nature of this relationship is well understood by the market and stems from factors that are outside of the Code's purview and ability to impact.

### Definition and Description of Terms

We support this topic as a potential work stream. A broad look at the definitions could be helpful in ensuring the Code remains fit for purpose. However, we believe such a project warrants careful consideration and caution as to not disturb the very foundations of the Code. Such a project would require close, proactive coordination with the IAASB so as to foster alignment and interoperability with the assurance standards (see also our response to question six below).

### Custody of Data

We do not support this topic as a potential work stream. In light of the enhancements resulting from the Technology project, we believe this is now sufficiently addressed in the Code.

### Communication with Those Charged with Governance

We strongly support efforts to increase transparency and effective communication with Those Charged with Governance. However, in reviewing the description of this potential work stream, we do not see the issue discussed in the SWP around the potential for over-reliance on experts or consultants as the critical



issue on which the IESBA should focus. Rather, we believe the more significant issues and concerns relate to the objectivity and independence of experts, which are currently being addressed through the IESBA's Use of Experts project. However, we see the topic of over-reliance on experts as a good example of a topic for which the IESBA could obtain feedback from the corporate governance community so as to better understand if these stakeholders believe over-reliance on experts is a matter of importance to them.

### **Grant Thornton International Limited (GTIL)**

We also believe the Board should re-evaluate the projects on the Proposed Strategy and Work Plan and consider issuing non-authoritative guidance for some topics as opposed to setting standards. One area for consideration would be the Role of CFOs and Other Senior PAIBs. Many companies already have their own code of ethics for their employees, including the roles of CFOs and other senior PAIBs. Providing non-authoritative guidance on ethical decision making and best practices we believe would be beneficial to the profession as opposed to setting standards.

Another area IESBA should consider adding non-authoritative guidance to further assist professional accountants is in the area that discusses Communication with Those Charged with Governance (TCWG). This is a new standard, and we don't believe adding additional requirements to the Code in this area will assist professional accountants with implementation. Issuing non-authoritative guidance in the form of Q&As or best practices on areas where professional accountants are finding difficulty in implementing the standards, will benefit the profession with convergence and compliance, which we believe is in the public interest.

### **KPMG IFRG Limited (KPMG)**

Role of CFOs and Other Senior PAIBs - We do not see this project as a priority for the Board's limited resources. Modifying certain areas of the Code that may be unique to senior levels within an employing organization presents a risk of making the Code too granular. It is vital for the Code to remain principles-based and then allow non-authoritative material to expand the application to specific roles, such as the CFO, which is traditionally held by a professional accountant (PA).

We believe the larger issue is not the need for expanded ethical requirements for CFOs, but rather that CFOs in some organizations are not part of a professional accountancy organization and thus, may not be modeling ethical behavior as they are not subject to the Code or any other ethical framework. We encourage the IESBA to engage with policy makers and regulators who would have the authority to consider requirements for individuals in these roles.

Business Relationships - We believe the Code continues to be relevant in addressing independence considerations relating to business relationships and do not feel additional guidance is critically needed.

If, however, this project moves forward to consider independence issues stemming from business relationships with audit clients, we do not think loans and guarantee arrangements under Section 511 of the Code should be included as part of the project's scope.

Audit Firm – Audit Client Relationship – We do not support this project in the 2024-2027 workplan. The term "audit client" is widely recognized and understood, and our concern is that a change, especially in

the current workplan period, would cause significant disruption when much is already changing in the Code. We believe this topic is a conceptual point and the public interest can be addressed in alternative ways.

Definitions and Descriptions of Terms - We are supportive of the proposals to align definitions / descriptions used in the Code (e.g., financial statements, firm, etc.) to terminology used in the IAASB standards. As the Code is designed to work in concert with the IAASB standards, we consider it key that terminology is aligned to help drive understanding and compliance. Although we see it as a lesser priority, we also agree that it would be helpful to explore the definitions of PA, PAPP and PAIB, and how these terms interact and interrelate in practice (e.g., regarding the definition of PA and how this applies to PAs who work in professional services firms but are not part of the provision of services by those firms, instead working in administrative functions).

Custody of Data - We believe this concept is currently captured by the Code's fundamental principles which cover the use and disclosure of confidential information. Thus, we do not believe a separate carve-out project is necessary.

Communication with Those Charged with Governance – As a precursor to a potential project on communication with those charged with governance (TCWG), we encourage the Board to first engage with governance bodies to understand their perspective on the need for additional disclosures from the PA. Not all disclosures to TCWG are equal in impact and merit. While adding more disclosures could be viewed as producing greater transparency, an overload of information to TCWG, who do not have the time to properly digest it, does not improve audit quality or serve the public interest. Rather, it may risk obscuring the focus of TCWG, drawing their attention toward information that is not crucial.

We believe the extant Code provides sufficient application guidance on communications with TCWG and appropriately encourages transparent, meaningful communications about independence requirements and threats to the firm's independence. The need for additional, relevant disclosures should be left to the professional judgment of the PA.

If this project goes forward, there should be a focus on the quality and impact of any new information to be disclosed to TCWG, limiting the communication to what is truly useful and balancing any benefit with the effort it would take the PA and, oftentimes management, to prepare it, and the time spent by TCWG to consume it.

## **Meyers Norris Penny (MNP LLP)**

Table B contains six potential work streams. We provide our feedback on each below:

### ***Role of the CFO and Other Senior PAIBs***

In light of the rapid and significant environmental and operational drivers, we concur that the role of the CFO and Senior PAIBs is continuously evolving and expanding. Nevertheless, we believe that for this topic, many of the issues of relevance to PAIBs can be addressed through the development of guidance and other non-authoritative resources and not necessarily through Code enhancements. Furthermore, we note that the role of the CFO and Senior PAIBs may vary by jurisdiction, thus, further supporting the reason for non-authoritative guidance versus enhancements to the Code. Therefore, we believe this topic is of lower importance relative to the other topics being considered.

### ***Business Relationships***

We support efforts to better define the scope and extent of “business relationships.” As firms continue to explore opportunities to work collaboratively with other organizations to develop tools, techniques and services to support their clients’ business needs,. Given the potential significance of these business relationships, we view this topic as being of medium importance.

In assessing whether a close business relationship may create threats of self interest and intimidation, the current Code considers materiality of the financial interest and significance of the business relationship. In assessing whether these criteria should be modified, we support the IESBA’s intention to perform more in-depth research into current and emerging business arrangements, including IT-related business relationships as these relationships are growing across Firms. In principle, we support retaining these criteria when assessing threats to independence. We believe that eliminating these criteria would inappropriately broaden the extent of prohibited services. Throughout the Code, the Application Material refers to the need to assess the materiality and/or significance of any activity, interest or relationship in determining whether an independence threat is at an acceptable level. Therefore, we believe that removing these criteria would make this rule inconsistent with the remainder of the Code.

#### ***Audit Firm – Audit Client Relationship***

While we acknowledge the rationale for why IESBA wants to examine the “audit firm-audit client” relationship and whether the Code continues to be fit-for-purpose, we believe this is an area of low importance relative to the other topics being considered. The extant Code remains fully functional, and efforts expended on this topic would not provide significant benefit to stakeholders. In addition, we believe that the scope of the Business Relationships project can be expanded to ensure it addresses the concerns brought forward as part of the IESBA’s Fees project.

In the short to medium term, our view is that this topic can be addressed through additional guidance and thought leadership articles.

#### ***Definition and Descriptions of Terms***

We believe that ensuring the terms used in the Code are consistent with the terms used within the IAASB standards is of medium to high importance. Current differences in terminology between the Code and IAASB standards create confusion ; as such, aligning the terminology would improve the interoperability of the two groups of standards.

We support reviewing how certain terms are currently defined in the Code. However, we encourage the IESBA to be cautious when refining definitions as there could be a significant impact on Firms. For example, broadening the *Audit Team* definition to include any individual who “may be in a position to influence” the conduct or outcome of the audit vs. limiting to those who “directly influence” may have practical implications on Firms as there may be many different team members who “may” have varying degrees of influence on the outcome of the audit which would be scoped into the new definition. For example, we are unclear whether a partner in the same industry group as the lead engagement partner would be scoped into the new definition as they may be asked about best practice for the industry despite not specifically being involved in the review of the lead engagement partner’s work. Similarly, expanding the *Engagement Period* definition to beyond the date the audit report is issued could limit a Firm’s ability to perform non-assurance services for a previous assurance client, despite assurance services no longer being actively performed for the client. We believe it would be overly restrictive to require Firms to remain independent following release of their assurance engagement report when the client has decided to change auditors due to the possibility that matters may come to the former auditor’s attention after

issuance of the assurance report. We consider the occurrence of such situations to be rare and often beyond the control of the Firm.

### ***Custody of Data***

The information age presents new ethical challenges and complexities for PAs. Given the fast pace of technological change and the exponential growth of data are expected to continue, we believe that this topic is of medium to high importance and would recommend making *Custody of Data* a higher priority work stream.

As noted by the Technology Working Group Phase 2 Report, PAPPs and PAIBs are often in possession of their client's and employer's, respectively, digital data. We believe it would be beneficial for the IESBA to develop guidance for PAPPs and PAIBs to clarify how a PA may use employer/client data in providing new value-added services to their employer/client while maintaining compliance with the rules of confidentiality. For example, there is significant value in the ability of a client to benchmark their financial metrics to others in the same industry on an anonymized aggregated basis.

### ***Communication with those charged with governance ("TCWG")***

We believe that there already exists in the Code sufficient requirements and guidance relating to communication with TCWG. We believe this topic of relatively low importance relative to the other topics being considered.

This may be a topic where a principles-based approach may be more appropriate than a rules-based approach given the difficulty in identifying all instances which may require communication with TCWG.

### **Moore Global Limited Network (MGNL)**

We agree with the majority of the work streams in Table B. However, there are two that we do not agree with.

(a) Business relationships. We do not view this as a priority.

(b) Custody of data. We believe this is too narrow and the focus should include cyber security.

In addition, far more is needed on the ethics around the use of AI, machine learning, and the use of data analytics, as these technologies are positioned to have a significant impact on our profession during the period that the working plan covers.

### **PricewaterhouseCoopers International Limited (PWC)**

With respect to the topics in the table we comment as follows:

**Role of CFOs and other senior PAIBs** - As noted above, this should acknowledge the important role that non-PAs play in the corporate reporting ecosystem which is likely to increase in the area of sustainability reporting (e.g. Chief Sustainability Officer).

**Business relationships** - We recognise that there are some complex issues emerging in this area, with increased use of technology and digital offerings and solutions, and can envisage that medium to smaller practices may benefit from some guidance. As a general principle, we encourage the Board to develop non-authoritative materials (NAMs) to help PAs and others understand and comply with the Code and IIS and to "bring it to life". This would usefully include guidance on how to consider and address existing business relationships prior to acceptance of a new audit appointment.

**Use of the term “Audit client”** - We do see jurisdictional differences in how this is applied around the globe (versus “audited entity”). While we do not see this as a pressing matter we recognise that there could be some merit, from an appearance perspective, in looking at this (but caution that such a wording change would create very significant changes required to member bodies and firm materials (standards, policies, guidance etc) and we recommend that the Board takes this into consideration). If the Board proceeds to look at this, it will presumably also look at the term “assurance client” such that the term “audit” isn’t used to mean both “audit” and “assurance” as defined by the relevant IAASB standards. In relation to the matter raised (para 80) regarding the audit firm-audit client relationship, we see this as a matter for regulatory guidance in individual jurisdictions, rather than one for a Code of Ethics. The application of the requirements of the revised Fees standard adequately deals with any potential issues that may arise from the firm/client relationship.

**Definitions and Descriptions of Terms:** In relation to proposals to look again at certain definitions, we would discourage using scarce resources to focus on these issues. A threshold for action is whether there are differences in definitions that are causing problems – driving questions or inconsistent practices. Amending such terms would only exacerbate the concerns expressed above regarding frequent changes to the Code and IIS.

**Audit Team:** We do not see a benefit to reopening a discussion of the definition of "audit team" given that IESBA have just concluded the Engagement Team project which addressed this definition.

**Employee** - We would not recommend that the term employee include contractors. The legal and tax treatment is very different. We suggest that the focus should be developing guidance on whether contractors, depending on the facts and role, might need to be subject to the same (or some) requirements as professional service providers/employees.

**Engagement period** - when the auditor will not be engaged to continue as the entity’s auditor, to suggest that audit independence requirements continue to apply after the final auditor’s report is signed does not seem practical, nor in the public interest if companies are further restricted in terms of appointing consultants and advisers. We also note that it would be very difficult to manage any such requirement in practice, especially where there is mandatory firm rotation, which may also reduce auditor choice.

**The firm** - there is no mention of “employees” in the definition of firm, so we do not understand what might be contemplated here.

We see no clear need to look at the definitions of **Network Firm** or **Professional Accountant**.

**Custody of Data:** We support the Board investigating the ethical implications of a PA’s custody of financial or non-financial data belonging to clients, customers, or other third parties, taking into account the recent revisions to the Code under the Technology project. Further guidance in this area may be helpful.

**Communication with Those Charged with Governance:** There seems some merit in IESBA considering adding new provisions relating to “communication with those charged with governance” in Sections 200 and 300 to stimulate meaningful communication with TCWG when PAs use external experts or consultants in relying on technology, and the risks and exposures that might affect the PAs’ compliance with the fundamental principles, and, where applicable, independence requirements. This could be part of IESBA’s response to the Environmental Strategic Driver relating to the Trust crisis which

is not dealt with in any detail in the proposed work plan. However, we do not see this as a priority to address, but this would be an area where coordination with IAASB is needed, insofar as there would likely be potential implications for ISA 620 and any further ISSA 5000 series communications standard.

## **RSM International (RSM)**

Some of the potential workstreams set out in Table B are topics that the IESBA shared in the IESBA Strategy Survey 2022, but others are newly proposed potential workstreams. We also note that there was a proposed topic in the IESBA Strategy Survey relating to non-authoritative material. Given our comments to Questions 1 and 2, we believe that it is important to determine whether particular topics can be addressed by the development of non-authoritative material. For example, it might be more efficient to develop non-authoritative material to provide guidance to CFOs and other Senior PAIBs using the existing framework rather than looking to develop new standards with respect to this.

The objectives of the potential workstream related to communicating with Those Charged with Governance seem to primarily address improving communication by senior PAIBs to strengthen the concepts of transparency and accountability for PAs to minimise their potential over-reliance on such experts or consultants. We recommend that this topic be considered together with that relating to the role of CFOs and other senior PAIBs.

We support the workstream related to business relationships as we believe that section 520 could be enhanced to better address the threats to independence associated with different business relationships. We think it would be helpful to provide clarity to define a business relationship and to provide more examples of the different types of business relationships, with application guidance on the threats to independence that are created. Given that the audit firm – audit client relationship is an example of a business relationship, we recommend that these topics are considered together as it could help explain the different level of self-interest threats associated with different types of business relationships with audit clients.

We support the workstream related to ensuring that IESBA Code definitions and descriptions of terms are consistent with those in the IAASB standards as this will help improve the interoperability of the IESBA's and IAASB's standards and make it easier for adoption and implementation internationally.

We support the potential workstream related to custody of data. Given the increasing importance of holding data and the potential ethical issues that relate to holding certain types of data, we support the IESBA exploring whether there is a need to establish a new section in Part 3 to cover the ethics considerations relating to the custody of data.

## **7. Member Bodies and Other Professional Organizations**

### **Accountancy Europe (AE)**

The topics set out in Table B do not seem to be responding to urgent stakeholder needs or practical issues encountered by professional accountants.

In Europe and globally, organisations of all sizes are expected to rapidly transform their business models to contribute to a sustainable economy. Accountancy Europe is committed to contributing to the European Union's ambitious sustainability objectives and considers companies' reporting and assurance thereon as important means to this end. We believe that sustainability reporting and assurance should be given the

highest priority by all stakeholders including the IESBA. Therefore, the IESBA should focus on sustainability-related projects instead of the topics listed in Table B.

In this regard, the IESBA should be closely monitoring and influencing as best as possible the work of other stakeholders (e.g., the ISSB, the EU authorities and the SEC) in this area. This will contribute to a global and consistent approach to sustainability reporting and related assurance. Understanding the frameworks that will apply to sustainability reporting and assurance will allow the IESBA to determine the components of relevant ethical framework, including requirements related to independence. These outreach activities would provide opportunities for promoting the Code which guides the accounting profession in serving the public interest. This would also help the IESBA understand the challenges and opportunities with regards to expanding the Code to other professions. Based on this understanding, the Board should plan its implementation support activities to be conducted once its standards on sustainability are finalised and released.

Having said that, of the 6 items listed in Table B, the expanding role of CFOs and other PAIBs could be considered as a potential area to be explored. This could include an emphasis on promoting an ethical culture in companies, without necessarily adding new sections or requirements to the Code. In addition, the IESBA could consider a narrow-scope project in coordination with the IAASB, for harmonising the terminology between the IAASB standards and the Code (see also our response to Question 5).

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

#### Role of CFOs and Other Senior PAIBs

We encourage IESBA to consider thought leadership pieces or other NAM that would be helpful to explain ethical leadership responsibilities of senior professional accountants in business (PAIBs) which were addressed under recent projects, such as Role and Mindset and Technology. NAM would assist users in understanding the new provisions and applying them consistently and would help leaders build an ethical culture into their organizations.

#### Business Relationships

We agree that this topic needs to be studied, and PEEC plans to undertake a project to evaluate the evolving landscape of business relationships in the near term.

If IESBA proceeds with developing a definition of business relationships, we believe the provisions should allow for scalability and use of professional judgement.

We support the revision of Section 520 if IESBA determines that Section 520 does not sufficiently address the independence issues that may arise from the different types of business relationships. To achieve global operability, it is critical that the standards remain scalable and principles-based. Therefore, we recommend that IESBA develop principles-based guidance, focusing the requirements on those relationships that are most likely to create significant threats to independence. Certain regulators allow specific business relationships that are conducted on market terms, established at arm's length, and are in the ordinary course of business because these relationships do not typically pose a threat to independence. For instance, the U.S. SEC permits purchasing goods or services from a client at normal commercial terms when these goods or services will be consumed by the firm. We encourage IESBA to

consider the importance of permitting arm's length transactions to avoid unintended adverse effects on firms and that IESBA not develop guidance that is more restrictive than the SEC's.

Section 520 contains the independence standards for business relationships. We do not believe that the proposal to eliminate the materiality and significance criteria from Section 511 on loans and guarantees is in-scope for a project on business relationships and therefore, recommend excluding it from the SWP. Loans and guarantees have been treated as financial relationships by regulatory bodies, such as the U.S. SEC.

#### Audit Firm – Audit Client Relationship

The SWP does not clearly describe the substantive concern that IESBA has identified, which would call for a change from the term “audit client” to “audit entity” in the independence standards. The term “audit client” is neither ambiguous nor confusing, even though the entity whose financial statements will be audited has owners, shareholders, and management.

We are concerned that the IESBA work stream would have direct and indirect effect on the well-established legal relationships and expectations that exist between auditors, their clients, and others to whom the auditor may have liability, particularly in the United States. Without more clear direction, this work stream could have many unintended consequences, including creating confusion for users of financial statements and audit reports.

We would be pleased to arrange a meeting with IESBA to discuss the legal relationships in the United States to assist with any further consideration of this work stream.

#### Definitions and Descriptions of Terms

We support IESBA and the IAASB engaging in a coordinated effort to review and harmonize existing definitions and descriptions of terms, where appropriate.

PEEC does not recommend defining “employee” to include those that act in a capacity of an employee at a client. PEEC removed the concept of acting in a capacity of an employee from the AICPA code to minimize confusion on permitted non-assurance services. If IESBA proceeds with defining “employee,” it will be critically important to ensure the definition is scalable, especially for clients that are not overseen by security regulators.

#### Communication With Those Charged With Governance (TCWG)

IESBA enhanced the requirements related to communication with TCWG as a result of IESBA's Non-assurance services and Fees projects. We believe the code provides sufficient guidance addressing such communication.

### **Association of Italian Audit Firms (Assirevi)**

As it relates more specifically to the Proposed Work Plan 2024-2027, and with the aim to strengthen the global recognition and acceptance of the IESBA ethics standards, Assirevi would like to specifically address the section named “*Potential New Topic Identified*”, which includes the following future projects: (i) Role of CFOs and Other Senior PAIBs, (ii) Business Relationships, (iii) Audit Firm – Audit Client Relationship, (iv) Definitions and Descriptions of Terms, (v) Custody of Data and (vi) Communication with Those Charged with Governance.

### **Association of Chartered Certified Accountants (ACCA)**



In our view, the IESBA should prioritise amongst those topics the Definitions and Description of Terms. This is particularly important, in light of the accelerated development of the ED-ISSA 5000 by the IAASB which was recently approved for public consultation. This acceleration is likely to create inconsistencies with definitions and description of terms given that the IEBSA's Sustainability workstreams are only targeting an exposure draft approval by Q4 2023. We understand that the IESBA and IAASB are in close co-ordination, particularly when it comes to their respective sustainability related projects, however, we suggest that a specific work stream focusing on definitions and description of terms will likely address any inconsistencies at an early stage. For example, the definition of sustainability information is currently different in ED-ISSA 5000 to the proposed definition used by the IESBA Code under the IESBA's Sustainability Project at this stage.

While we don't disagree with the other identified projects listed in table B, in our view the work plan should include some flexibility for future projects in relation to sustainability. For example, the board may consider updating the Code (including independence standards) for non-accountants who act as preparers of sustainability reports given that the current ongoing Sustainability project focuses on non-accountants that provide sustainability assurance.

### **Botswana Institute of Chartered Accountants (BICA)**

*We are in agreement with the indicated work streams.*

### **Chartered Accountants Australia and New Zealand (CA ANZ)**

The IESBA has listed the following topics as potential work streams in Table B;

- Role of CFOs and Other Senior PAIBs
- Business Relationships
- Audit Firm – Audit Client Relationship
- Definitions and Descriptions of Terms
- Custody of Data
- Communication with Those Charged with Governance

These are provided **in addition** to the following pre-committed work streams in Table A and Table C.

- Sustainability
  - Work Stream 1 – Independence
  - Work Stream 2 – Ethics
- Use of Experts
- Collective Investment Vehicles, Pension Funds & Investment Company Complexes
- Post-Implementation Review – NOCLAR.
- Post-Implementation Review – Long Association Phase 2
- Post-Implementation Review – Restructured Code
- Post-Implementation Review – Non-Assurance Services and Fees

- **Post-Implementation Review – Definition of Public Interest Entity**

As raised earlier, we encourage the IESBA to seek to balance stakeholder demands with the Board's limited resources and a need for a period of stability in the Code. We commend the IESBA for recognising that some of the potential work streams under consideration may best be managed by commissioning NAM.

Finally, CA ANZ supports evidence-based rationales for any proposed changes to the Code and therefore encourage the IESBA to seek evidence prior to commencing any of the projects listed in Table B.

### **The Chamber of Auditors of the Czech Republic (CACR)**

We support the IESBA considering the topics set out in Table B.

### **Certified Professional Accountants Australia (CPAA)**

CPA Australia broadly supports the potential workstreams being considered by IESBA. However, we would encourage IESBA to consider if any identified outcomes could be addressed through non-authoritative material, rather than further revisions through the Code.

Further, consideration must also be given to existing and pending regulatory settings in respective jurisdictions, especially regarding custody of data. This is imperative to ensure that any changes do not result in a conflict of obligations or additional burdens where PA are already subject to comprehensive privacy regulation.

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

Generally, the PTC is cautious about the consideration of six possible work streams in addition to current projects such as Sustainability - Independence and Ethics and Use of External Experts and the already committed work streams. The pace of change in the Code has been an on-going concern and the PTC believes that a "longer shelf life" Code is desirable and that it would likely enhance adoptability and usability. Instead of adding more potential work streams, the PTC believes that managing the pace of change to the Code may enable more effective implementation, including through IESBA issued supporting guidance, increased compliance, and enforceability through stability.

The PTC thinks that the following potential work streams under consideration should advance with relative priority:

- Role of CFOs and Other Senior PAIBs (i.e., including consideration of PAPPs who take on the role of CFO)
- Business Relationships
- Custody of Data
- Communication with Those Charged with Governance (i.e., to the extent not otherwise addressed in the Use of Experts project)

The PTC does not think Audit Firm – Audit Client Relationship and Definitions and Descriptions of Terms should be prioritized as explained below in Question 4 in reference to Table B.

### **Hong Kong Institute of Certified Public Accountants (HKICPA)**

In general, we agree with the identified topics set out in Table B as potential work streams (pages 18-21), in which, the following work streams may warrant higher priorities among the others.

#### Role of CFOs and Other Senior PAIBs

Consistent with our comments raised in the [IESBA Strategy Survey 2022](#), in light of the limited guidance for PAIBs in the Code, and the evolving roles of CFOs in Hong Kong and globally, we would recommend the IESBA to develop additional guidance, in form of non-authoritative material, regarding how to address ethics issues and challenges faced by the CFOs and PAIBs rather than undertaking further revisions to the Code.

#### Custody of data

We agree with the IESBA's view that custody of data is crucial to both financial and non-financial reporting. Failure to safeguard the data may result in significant consequences to employing organizations or clients. Given the sensitive nature of data entrusted to professional accountants by clients, customers, or other third parties, we agree that the IESBA should investigate the ethics implications of a professional accountant's custody of the relevant data.

Furthermore, we believe it is important that the IESBA carries out the pre-committed work streams outlined in Table C (pages 21-22) concerning post-implementation reviews of various Code revisions, including Long Association (Phase 2), Restructured Code, Non-Assurance Services, Fees and the Definition of Public Interest Entity. We believe these work streams would facilitate the successful implementation of the Code. Considering the effective dates of the revisions to the Code, we find the possible commencement dates of these work streams as set out in Table C to be reasonable.

#### **Irish Auditing and Accounting Supervisory Authority (IAASA)**

I hope that you find these comments useful. Please do not hesitate to contact me if you have any questions.

#### **Ikatan Akuran Indonesia (IAI)**

We are supportive of the IESBA considering the topics set out in Table B.

We would encourage the development of practical guidance wherever possible to address any identified challenges with any of the proposed topics.

We agree with the suggestion that external experts are independent. For example, when an Accountant is asked by a client to compile Financial Statements, in Financial Statements there are assets that will be disposed, where the figures are mostly obtained from experts (Appraisal). Based on these conditions, it is supposed that experts must be independent, when the number is problematic, Accountant will be penalized because the one is signing for opinion was the accountant. It is an open secret that "sometimes" certain Professions can be paid so that the value presented is more presentable. An Independent statement from an expert is needed to protect the accountant from bad things that might happen in the future.

#### **Institute of Chartered Accountants in England and Wales (ICAEW)**

## **Role of CFOs**

Of the 6 items listed in Table B, ICAEW's view is that the expanding role of CFOs and other PAIBs could usefully be considered as a potential area to be explored. This could include a greater emphasis on promoting an ethical culture in organisations. ICAEW considers that this is an area where more guidance would be beneficial, particularly in relation to the need for a balanced 'ecosystem' around corporate reporting; with directors and auditors both bearing accountability for quality reporting.

## **Other items in Table B**

ICAEW considers that recent technological developments have increased the potential risks to the profession in relation to the use and safeguarding of data. Standardising good practice in relation to data governance would help manage this risk.

ICAEW supports moving away from the term "client" in the context of the audit firm-audit client relationship and the need to ensure that guidance on business relationships fully recognises the reality of the SME environment.

However, in the context of competing priorities and limited resources to sustain multiple projects that might lead to further updates of the Code, ICAEW considers that sustainability reporting and assurance should be given the highest priority and that IESBA should focus on these, and -where resources allow- on the role of CFOs and PAIBs, rather than most of the topics listed in Table B.

## **Institute of Chartered Accountants of Nigeria (ICAN)**

*On the additions to the items in Table B, IESBA should consider the impact of Human Resource Mobility on Professional Accountants in terms of the confidentiality of information that they have gathered on organizations.*

## **Institute of Chartered Accountants of Scotland (ICAS)**

As noted above, we believe that, other than in relation to sustainability matters and completion of other existing projects, IESBA should have a 'slow down' period for now in terms of creating new provisions to the Code, however, we note the following for consideration in relation to each of the potential workstreams set out in Table B of the consultation paper.

### **Role of CFOs and Other Senior PAIBs**

As noted in our response to the IESBA Strategy Survey 2022, in recent years IESBA has undertaken a number of projects which have impacted on the ethical requirements that are applicable to PAIBs. Indeed, there has just been the project on technology and there are currently projects on tax and sustainability which will further impact PAIBs. Other than the work being undertaken in relation to these current projects, which potentially have significant implications, we do not believe that there is a need for IESBA to dedicate strategic focus on raising the bar of ethical behaviour for PAIBs in the next strategy period. If anything is to be done, the development of some non-authoritative material may be helpful to build on some of the recent changes made to the Code e.g. those resulting from the Role and Mindset project.

### **Business Relationships**

This is an area which does not appear to have been reviewed for a number of years and issues were identified during the Technology project. There is therefore an argument that this section needs to be subject to a full-scale review to ensure that it remains fit for the purpose in the current business environment.

### **Audit Firm – Audit Client Relationship**

There may be merit in considering the specific matter raised - i.e. whether it is still appropriate to use the term “audit client” in the Code – the rationale for this being that we believe the use of the term “audited entity” gives a greater impression of independence.

### **Definitions and Descriptions of Terms**

There may be merit in undertaking a project in this area. The public interest would be better served by having consistent definitions and descriptions of terms, where possible, in the Code of Ethics and IAASB standards, as this would help to promote user understanding.

### **Custody of data**

As there may be significant consequences, including reputational damage, to an employing organization or client if data is lost, misappropriated, misused, improperly manipulated or subject to unauthorized access, as illustrated by various recent cyber-attacks, we believe there is a need for IESBA to investigate the ethics implications of a PA’s custody of financial or non-financial data belonging to clients, customers, or other third parties. New provisions may be required in the Code to guide users in relation to the custody of client data both prior to accepting custody as well as after taking custody.

### **Communication with Those Charged with Governance**

There would appear to be merit in undertaking a project in this space. We make reference to the “IESBA Technology Initiative Phase 2 Report” (November 2022) to support this view, which recommends the following:

“To strengthen the concepts of transparency and accountability, add new material to the Code as part of the subsections on “communication with TCWG” in Parts 2 and 3 to encourage, or require, meaningful communication with TCWG by PAs (including individual Professional Accountants in Public Practice (PAPPs) and firms) about technology-related risks and exposures that might affect PAs’ compliance with the fundamental principles and, where applicable, independence requirements.”

These concepts are not unique to technology-related risks and exposures, but rather are broadly applicable whenever there are risks and exposures that might affect PAs’ compliance with the fundamental principles and, where applicable, independence requirements (e.g., technology, tax planning, sustainability). There is an opportunity to incorporate such communications into the Code more generally in the future, so that it can be considered under all circumstances.”

### **Institut der Wirtschaftsprüfer (IDW)**

The IDW supports overall the potential workstreams under consideration in Table B. As regards the “role of CFOs and Other Senior PAIBs”, as discussed above, the IDW would suggest the IESBA enlarge the scope and look at the entire corporate ecosystem within a reporting entity (i.e., corporate reporting, corporate governance), as corporate failure is usually the result of shortcomings throughout the different

actors not just CFOs and other senior PAIBs. It seems to us that the Code should be changed only if evidence points to compliance with the Code led to audit failure. If non-compliance with the Code led to audit failure, then the Code is not in need of revision.

## **Institute of Singapore Chartered Accountants (ISCA)**

*Proposed Work Plan for 2024 – 2027*

## **Japanese Institute of Certified Public Accountants (JICPA)**

We support the IESBA considering the topics set out in Table B as potential work stream.

With regard to “Role of CFOs and Other Senior PAIBs”, we suggest that the IESBA should include in its consideration enhanced guidance on the familiarity threats that may be faced by PAIBs.

As for “Custody of Data,” we believe that it is necessary to move forward with consideration in accordance with the materiality of data and its operational status in practice, such as data as a professional resource described in 400.53 A8 and other sections of the current Code, and as a separate matter from consideration of the relevancy to current confidentiality requirements and by the categories of financial and non-financial data. It may also be necessary to discuss the definition of the “materiality” of data.

In terms of “Communication with Those Charged with Governance” (TCWG), it is of great interest for TCWG who are not professional accountants. We suggest that the IESBA should develop appropriate guidance to enable it to be referred to not only by professional accountants using the Code but also by TCWG with whom they communicate, who are not professional accountants.

In “Definitions and Descriptions of Terms”, it is extremely important to align the definitions of terms used in the Code and those used in standards created by the IAASB and others. We also suggest that the IESBA should clarify the scope of related entities. We believe that clarifying the concept of the term “control” as used in the definition of related entities will be important in determining the scope of related entities.

## **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)**

*Overall we support the topics as detailed in Table B as detailed.*

## **Pennsylvania Institute of Certified Public Accountants (PICPA)**

The committee supports the potential work streams under consideration outlined in Table B. The committee believes that the proposed projects on custody of data and communication with those charged with governance and business relationships should be prioritized before the projects on audit-firm/audit-client relationship and the definitions and descriptions of terms. The proposed project on the role of CFOs and other senior professional accountants in business could be important, especially as the Code is broadened to encompass other professionals. However, as it is written, it seems overly theoretical and less defined than the other projects.

## **South African Institute of Chartered Accountants (SAICA)**

SAICA agrees with most of the work streams in Table B. However, there are two that we do not agree with.

- (i) Business relationships - we do not view this as a current priority. Furthermore, the topic is too broad to encapsulate into the Code.
- (j) Custody of data - this is too narrow, and the focus should include protection of data and cyber security. We propose to expand this work stream to exploring all ethical challenges that may be created by the fast-changing landscape of disruptive technologies, with a focus on Artificial Intelligence which is leading the charge.

### **Wirtschaftsprüferkammer (WPK)**

The WPK does not support the topics set out in Table B since the principles-based Code provides a profound and sufficient basis covering the current needs of the profession apart from sustainability reporting and assurance as explained in detail above. An exception and therefore approved by us would be the proposed IESBA project „Definitions and Descriptions of terms“, in particular, in the light of the need to harmonize the terminology between the IAASB standards and the Code.

## **8. Individuals and Others**

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

*We generally support the IESBA considering the topics set out in Table B as potential work streams.*

*We question the need for ‘Role of CFOs and Other Senior PAIBs’ as this addresses a niche group of PAs.*

*We welcome ‘Custody of Data’ and ‘Communication with Those Charged with Governance’ owing to their becoming increasingly relevant with the exponential growth in the incidence and robustness of sustainability reporting and assurance.*

*We also welcome ‘Definitions and Descriptions of Terms’ as this will help ensure alignment with the IAASB’s standards and help make translations easier.*

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

We are supportive of the IESBA considering these topics, and stand ready to contribute to the IESBA’s thinking on PAIB related matters, in particular on

- o Role of CFOs and other senior PAIBs
- o Custody of data
- o Communication with those charged with governance

While we are supportive of IESBA exploring these topics and considering the ethical implications, we caution against making piecemeal revisions to the Code as a result. We would encourage the development of non-authoritative material and practical guidance wherever possible to address any identified challenges with any of the proposed topics.

### **Munarriz CE**

Yes, I generally agree. Regarding “Custody of data” I think consideration of cybersecurity issues and impact in independence should be considered.

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

The SMPAG supports the topics set out in Table B but would like to remind IESBA of the challenges faced by SMPs in dealing with the scale and pace of changes to the Code in recent years.

In relation to the topic on communicating with Those Charged With Governance (TCWG), we note that there may be some challenges in certain jurisdictions in defining TCWG, so perhaps some clarity is needed. There will also be many non-PAs that are fulfilling roles as TCWG globally who, while not familiar with the Code, could be very interested in developments in this area. IESBA could consider some guidance outside of the Code for the benefit of non-PAs which presents some of the developments and considerations from this project. We note that there are often challenges with the effectiveness of TCWG who, while having a critical role in organizations, often have no guidance to assist them in conducting their work and performing their role. Similarly, guidance for others fulfilling non-executive roles on Boards and Committees who are not part of TCWG could also add value.

Generally, for the topics set out in Table B, the SMPAG would favor an approach of considering whether non-authoritative guidance could address challenges in these areas as opposed to big projects aiming to reopen the Code.