Agenda Item 5-C.5

IESBA Strategy and Work Plan 2024 – 2027

SWP – Reference Material – NVivo Respondent Summary Analysis

Consultation Paper Q4:

Do you believe the IESBA should accelerate or defer any particular ongoing, potential or pre-committed work?

1. Monitoring Group

International Forum of Independent Audit Regulators (IFIAR)

Sustainability information

1. Given the strong demand from stakeholders to develop timely sustainability related standards, IFIAR supports the following ongoing IESBA projects on sustainability:
   - Sustainability – independence
   - Sustainability – ethics
2. IFIAR encourages IESBA to set the ethical requirements for the provision of assurance on sustainability reporting at a level that would be at least equivalent to the expectations for an audit of financial statements.
3. Further, we suggest that IESBA consider the impact, if any, on its work plan of the advanced timeline for consultation on the sustainability proposals by the International Auditing and Assurance Standards Board (IAASB) and the expected approval dates of the new standard.

Post Implementation Reviews/ Non-authoritative Guidance

IFIAR broadly supports IESBA's efforts to perform post-implementation reviews. In light of resource constraints, IFIAR suggests that IESBA prepares a detailed timeline of when projects are expected to be completed, accompanied by when the post-implementation reviews are expected to be conducted.

The completion of post-implementation reviews and development of non-authoritative guidance to support the code will be critical during this time of change. IESBA is encouraged to monitor the adoption timelines across jurisdictions to fully embed recent changes to the Code into their local regulatory framework.

International Organization of Securities Commissions (IOSCO)

Sustainability

We welcome the Board's work towards profession-agnostic sustainability-related ethics and independence standards and its related project on the use of experts as we see these as high priority projects. We encourage the Board to continue its work to develop high-quality standards in a timely manner and in accordance with a robust due process, engaging with a diverse range of stakeholders to help develop standards that are fit for purpose and meet the public interest needs. We are supportive of the Board's strategic decision on a phased approach to standard setting related to sustainability-related information given the potential for expanded roles for professional accountants in business (PAIBs) with respect to sustainability-related reporting and we encourage further engagement with stakeholders in this area. This further highlights the importance of the Board remaining flexible to address new or emerging issues based on the public interest needs. Furthermore, the Board should consider whether the concepts and outcomes pursued in other ethics and independence standard-setting projects might also be relevant to the Board's project on sustainability.

Proposed Work Plan for 2024-2027

As it pertains to the ongoing projects and work streams of the Board, we support the continuation of these projects as planned. We do, however, encourage the Board as it moves forward to ensure its ability to be agile in resource allocations and to be able to properly respond to emerging public interest issues (e.g., responding to the developments relating to reporting and assurance of sustainability-related information) as they arise.

As future projects are developed by the Board, we also encourage the Board to consider adding an expedited process to its standard-setting toolkit when the nature of the project (e.g., those with narrower scopes) can be completed through proper due process in a more accelerated timeline to achieve the public interest objective.

Pre-committed Work Streams to Commence during or after Q1 2024 (Table C)

Post-implementation reviews during 2024-2027 appear appropriate for the Code revisions relating to long association phase 2, restructured code, non-assurance services and fees, and definition of public interest entity. We also recommend the Board consider adding an accelerated post-implementation review related to its sustainability standard-setting projects to assess how effectively the implementation of those standards meet the original objectives for developing them, and to identify any need for further enhancements due to the rapid developments relating to reporting and assurance of sustainability-related information. We encourage the Board to intensify its other post-implementation review efforts, in particular, as it relates to non-assurance services and fees and other topics discussed in this letter, and to remain flexible by prioritizing key areas and issues in order to enhance the effectiveness of the Code and address relevant matters of public interest.

In addition, as the Board considers the effectiveness of the implementation of the Code, as it relates to PIEs we believe it would be appropriate for IESBA to reflect on: 1) the nature of substantive safeguards in the Code as noted in our non-assurances services letter, and repeated below, and 2) assuming management responsibilities, as follows:

Substantive Safeguards:

While we appreciate the Board's initiative to address the independence issues arising from the provision of non-assurance services to assurance clients, we nevertheless continue to strongly believe that the more commonly used safeguards may be inadequate and should be addressed by the Board to strengthen the effectiveness of the Code. More specifically, we believe that the following are insufficient safeguards in many circumstances (as specified in subsections 601 through 610; e.g., section 601.5 Al of the Code):

- Using professionals who are not audit team members to perform the service and,
- Having an appropriate reviewer who was not involved in providing the service review the audit work or service performed.

If the provision of a service by the audit firm or its network creates a threat to the firm's independence because it either results in the firm acting as management or creates a self-review threat, we question how having another professional within that firm or network firm can be used as an effective safeguard. Because the ***firm*** performed the service for its audit client, the professional staff member may be incentivized to make judgments that protect the economics and other interests of the firm rather than the public interest and needs of investors. We believe the following actions are examples that would be stronger safeguards than what is currently in subsections 601 — 610 (see details above):

Examples of actions that the firm might take include:

- Recommending that the audit client engage another firm to review or reperform the affected audit work to the extent necessary.
- Engaging another firm to evaluate the results of the non-assurance service or having another firm

re-perform the non-assurance service to the extent necessary to enable the other firm to take responsibility for the service.

We believe the above safeguards are much more effective and we suggest the Board consider using these in certain other areas within the Code where reducing the threat to independence is feasible.

Finally, and consistent with our commentary made during the due process for the non-assurance services project, the Board should consider defining more stringent provisions (including prohibitions for public interest entities) to further strengthen the independence of auditors in fulfilling their role. We continue to observe that many jurisdictions have current rules that go beyond the provisions in the Code today.

<u>Assuming Management Responsibilities:</u>

We believe the Board should strengthen sections R600.7 through R600.8 of the Code, Prohibition on Assuming Management Responsibilities, to enhance the effectiveness of management taking responsibility for a service. Section 600.7.A4 states:

> *"Providing advice and recommendations to assist the management of an audit client in discharging its responsibilities is not assuming a management responsibility."*

Further, paragraph R600.8 requires that management:

> *"Designates an individual who possesses suitable skill, knowledge and experience to be responsible at all times for the client's decisions and to oversee the services . . . However, the individual is not required to possess the expertise to perform or re-perform the services."*

In that regard, we observe that if the individual and management lack the expertise to truly understand the service, we question how then could they have the competence and capability to "evaluate[s] the adequacy of the results of the service performed."? We believe that without management or its designated individual having the competence or expertise to re-perform, or at least truly understand, the service, there may be little to no substance to "management taking responsibility" for the service.

If in substance, management is not taking responsibility, this could indicate that the firm might be performing a management function rather than simply providing advice or a recommendation. We are concerned with the many subtleties that continue to occur in practice when management is presumed to "assume responsibility" without evidence of its competence and capability to do so. We recommend that the Board consider a future project to enhance these requirements in the Code, such as to require an assessment of management's competence and capability to determine whether sufficient expertise, or knowledge and experience permit management to substantively take responsibility.

2. Regulators and Audit Oversight Authorities

Committee of European Auditing Oversight Bodies (CEAOB)

Other projects

Based on the limited description of the other projects proposals provided in the CP, the CEAOB has not identified in the consultation any proposals that would be judged as clearly irrelevant.

However, the project on Collective Investment Vehicles does not appear to merit the same level of short term priority as sustainability assurance, in the European context. Given its strategic focus in the area of regulation, the CEAOB is most interested in projects that would enhance the provisions applicable to auditors or other assurance services providers.

The CEAOB will continue to support the actions taken by the IESBA to monitor emerging (technology) developments, like for instance the developments in artificial intelligence techniques and tools, which may impact the behaviour and the work of auditors and may deserve specific coverage by ethics requirements.

On the Non Assurance Services post implementation review project (see par. 92 CP), the CEAOB would also highlight remaining concerns with respect to whether the “threat and safeguards” approach set out in the Code provides sufficient guidance for auditors to apply it properly. The CEAOB encourages the IESBA to assess whether the “threats and safeguards” approach in the Code should be supplemented with strict prohibitions of certain non assurance services for PIE auditors as provided for in the EU Audit Regulation in particular.

Independent Regulatory Board for Auditors (IRBA)

In considering the *Heightened Stakeholder Expectations for Greater Timeliness* operational driver, specifically, we suggest prioritising the work streams that stem from the TWG recommendations, namely, Business Relationships, Custody of Data and Communication with Those Charged with Governance, as these represent an opportunity to demonstrate responsiveness to market developments of significant public interest. The potential ethics impacts of technology on the behaviour of PAs that the TWG has identified – which are competence and due care; objectivity; transparency and confidentiality; and independence – will increase in importance as the profession continues to evolve. Also, a sustained focus on these developments will likely identify new ethical challenges to navigate.

National Association of State Boards of Accountancy (NASBA)

NASBA believes that IESBA should consider the impact stakeholder resource constraints may have on implementation should IESBA decide to accelerate any ongoing, potential or pre-committed work streams set out in Tables A, B and C.

United Kingdom Financial Reporting Council (UKFRC)

The IESBA’s proposed workstreams as set out in the consultation document are reasonable, though we do have some suggestions with respect to the overall pace of work. In Table A, we suggest that the workstream on Collective Investment Vehicles, Pension Funds and Investment Company Complexes should be deferred. We also support the high priority accorded to the two sustainability workstreams.

With regard to the potential workstreams under consideration and set out in Table B, we suggest that public interest considerations are highest for the following projects: business relationships, the audit firm – audit client relationship, and definitions and descriptions of terms. Of the other items, we suggest that the project on the role of CFOs and other PAIBs is important to progress because of the importance of ‘tone from the top’ within organisations. The other two projects are not without merit, but do not possess the same level of public interest.

Given the recent volume of change to the Code, it is important that the IESBA maintain activities to review the effectiveness of these changes. Accordingly, we consider that all the pre-committed workstreams set out in Table 3 should be retained as priorities.

4. National Auditing Standard Setters

Accounting Professional & Ethics Standards Board (APESB)

Subject to our comments on a potential project on firm leadership and culture mentioned in Comment 2, APESB is supportive of the proposed timeframes for work streams set out in Tables A, B, and C.

Based on the current global focus and the rapid evolution of the sustainability regulatory environment, APESB believes that a high level of importance should be placed on sustainability reporting and assurance developments. This should be one of IESBA’s key strategic focuses for the remainder of the current and future strategic periods.

New Zealand Auditing & Assurance Standard Board (XRB)

The XRB considers that the sustainability workstreams should be focus areas of the highest possible importance.

We note the IAASB's sustainability work stream also considers the use of experts and other assurance practitioners. We encourage the IESBA to keep the IAASB engaged with the work on its use of experts project to align the work efforts, avoid overlap and ensure the public interest is served.

Recent revisions to the Code (Long Association, NAS, Fees, PIE etc) have resulted in significant changes for stakeholders to implement in practice. We encourage the IESBA to identify areas where further implementation support (e.g., Q&As, staff alerts, fact sheets etc.) can be provided. For example, we consider more implementation support is needed for NAS. Through our outreach and consultation on the NAS provisions we are aware of concerns about the operability and consistency of interpretation of the provisions, specifically around tax services.

5. Accounting Firms

BDO International Limited (BDO)

BDO agrees with the timelines proposed for the ongoing, potential, and pre-committed work streams. With the pivotal role that the IEBSA Code plays in relation to reporting and assurance of sustainability information, it is important for the IESBA to continue to align their sustainability projects with the timing of the projects of the International Sustainability Standards Board and the International Auditing and Assurance Standard Board.

Deloitte Touche Tohmatsu Limited (DTTL)

As noted in prior comments, Deloitte Global believes that any future standard setting projects should be driven by the outcomes of post-implementation reviews and evidence that current provisions are not effective. Therefore, we support prioritizing the post-implementation reviews set out in Table C, in particular for the Non-Assurance Services and Fees standards, and the definition of Public Interest Entity ("PIE"). We ask the Board to move cautiously with a potential project around collective investment vehicles, pension funds and investment company complexes. As experienced with the PIE standard, these vehicles and schemes can vary greatly from jurisdiction to jurisdiction and a "one size fits all" approach globally would not likely be appropriate in the Code. A robust post-implementation review of the PIE definition would provide evidence for whether this project is necessary. Noting that the revised PIE definition is not effective for almost eighteen months, we urge the Board to defer any additional standard setting in this area until the post- implementation review is completed.

Ernst & Young Global Limited (EY)

<u>Ongoing Projects and Work Streams</u>

We do not believe the IESBA should accelerate or defer any of the ongoing projects and work streams listed in Table A of the SWP.

We note that the IESBA included in its 2014 – 2018 Proposed Strategy and Work Plan a work stream for Collective Investment Vehicles (CIV), in particular to review the application of the "related entity" definition in the Code to CIVs when firms audit the underlying funds, the sponsor/advisor of the funds, or both. The CIV work stream was not included in the IESBA's 2019 – 2023 Strategy and Workplan. For the next strategy period, the IESBA has again included a work stream for CIVs, but has expanded it to also include pension funds and investment company complexes. CIVs, pension funds and investment company complexes have a great degree of diversity in their governance structures from one jurisdiction to another. This can create significant challenges to developing a global approach to the "related entity" definition to apply to these structures. Therefore, we believe it would be of benefit for IESBA to focus on developing a clear framework for determining when a "control" relationship exists that could be applied to all structures, including CIVs, pension funds and investment company complexes.

Potential Work Streams Under Consideration

Regarding the potential work streams listed in Table B of the SWP, please refer to our response to question three above.

Pre-committed Work Streams

As for the pre-committed work streams listed in Table C of the SWP, each of these post-implementation reviews relate to projects that have or will result in many important changes to the Code. These changes are substantive, and it will be important that the profession be focused and engaged in understanding, addressing and implementing these new provisions. Therefore, we agree that the IESBA should focus on these post-implementation reviews with the aim of getting the revisions of recent projects appropriately adopted and implemented globally, and identifying any issues relating to the understandability of the provisions. We believe that an additional important aspect of the post-implementation review process should be to identify whether there are any unintended consequences that create challenges for stakeholders in terms of understanding or implementing the provisions. In this regard, we encourage the IESBA to also consider a mechanism or process that would allow the IESBA to address such unintended consequences timely, as well as any other smaller improvement or clarification opportunities identified as part of the post-implementation review.

Grant Thornton International Limited (GTIL)

While we support the Board's proposed Strategy and Work Plan for 2024 -2027, especially the proposed post implementation reviews of Long Association Phase 2, Restructured Code, Non-Assurance Services, Fees, and the Definition of Public Interest Entity, GTIL has concerns regarding the volume of projects being undertaken and the anticipation that firms will be able operationalize and implement the provisions in a timely manner.

KPMG IFRG Limited (KPMG)

We recommend that after the ongoing projects that are being carried forward to the new strategy period (Table A) are completed, the IESBA consider accelerating post-implementation reviews (Table C) rather than taking on several of the proposed potential workstreams (Table B).

We believe it is more important for the IESBA to dedicate resources toward post-implementation assessment and creation of non-authoritative material or application guidance that assists practitioners in successfully implementing the newly issued standards than to take on new projects. Accelerating the post-implementation reviews will help to facilitate effective adoption of the new standards, which is crucial in light of the volume and rate of recent changes, including those from the PCAOB, and the amount of information to be digested by PAs and audit clients.

Additionally, we propose the Board institute a longer transition period for pronouncements with a tight timeframe between approval and effective date. Considering the time and effort involved in implementing new standards, full compliance from day one may not be practicable as adaptation is still needed in that first year. To illustrate, if there is a proposal around public disclosure for greater transparency, in the first year that disclosure could be limited to TCWG before becoming a public disclosure the following year. This is similar to requiring limited assurance on sustainability in initial years of adoption before requiring reasonable assurance.

This approach allows PAs to work towards compliance as early as possible while providing time for controls and processes to be fine-tuned after the effective date. A longer transition time is especially crucial for the sustainability project given the intent to apply the requirements to non-PAs, necessitating increased effort and thus, time, on the part of national standard setters. This illustration is not unlike the adoption timeline of the system of quality management standard which required implementation in 2022 and operating effectiveness in 2023.

Meyers Norris Penny (MNP LLP)

In Table A, the IESBA has included *Collective Investment Vehicles (CIVs), Pension Funds and Investment Company Complexes* and has acknowledged the complexity of the arrangements or structures and the degree of variation across jurisdictions and that further research is needed to better understand these structures.

While we support conducting further research on this topic, given the many other topics that are being considered, this may be a work stream that the IESBA might consider extending or deferring to a later date to provide capacity for topics in Table B of more relative importance (see our comments above on topics of medium to high importance).

Moore Global Limited Network (MGNL)

We believe that the project on Collective Investment Vehicles, Pension Funds & Investment Company Complexes in Table A could be deferred. It has a very narrow scope and we believe it does not have an impact on a sufficient number of professional accountants to warrant it being a priority right now.

For the reasons listed in question 3, we believe that Business Relationships in Table B could be deferred.

We believe that there should be a greater focus on technology and the ethics of the use of this technology, as indicated in question 3.

Post implementation review of NOCLAR should be accelerated. We have noticed that many professional accountants do not comprehend NOCLAR application and take an attitude that it is for auditors only.

PricewaterhouseCoopers International Limited (PWC)

With respect to the proposals in Table A:

We support the on-going projects relating to the development of ethical and independence standards for sustainability reporting and assurance.

As noted in our 2022 Survey response we did not see a clear need for the project on “use of experts”. but as this is underway we encourage the Board to develop guidelines to better incorporate a requirement for the PA to evaluate any threats to the objectivity of an expert when intending to use their work, together with some clear guardrails surrounding interests and relationships that might create a threat to objectivity of such individuals and the organisations they work for. We would caution against independence requirements for experts, both in the fields of financial audit and sustainability assurance given practicalities, challenges around the value-chain and the ability of a limited pool of experts used in sustainability assurance engagements to be independent across a range of entities. Being, and being seen, to be objective is essential.

We understand the need to review CIV and pension fund arrangements and their relationships with trustees, managers and advisors to ensure that the independence provisions and the application of the “related entity” definition in the Code remain fit for purpose with respect to these arrangements. We would be very pleased to provide support to this through giving Staff access to our practitioners who work in this context area.

Regarding Table C:

We support the post-implementation review of the NOCLAR standard if the Board has the resources to allocate to this activity. This may come down to a resource allocation issue.

With regard to the other post-implementation reviews (PIR), we do not see any strong need to look at the implementation of the Standards on Long Association and the Restructured Code, especially in the light of other demands. The PIR on NAS and Fees and the definition of PIE seems premature at this stage, although we encourage the Board, together with its stakeholders, to consider whether mechanisms can be put in place to make amendments or corrections to the IIS, with a faster stream-lined process, where the need arises, so that the Board can respond with agility in the interests of all stakeholders. We understand, for example, that the IASB has such a process (an Annual Improvement Process).

In principle, all PIRs should ideally include a review of the effectiveness of the Standard.

RSM International (RSM)

With respect to Table A, we recommend that the workstream related to “Collective Investment Vehicles, Pension Funds and Investment Company Complexes” be deferred. We agree with the IESBA that the arrangements and structures are complex and there is a high degree of variation across jurisdictions, and we are not aware of a need to revise the Code. Conversely, we feel that the IESBA Code does not currently properly address the ethical issues associated with business relationships and custody of client data and so these potential workstreams could be accelerated.

7. Member Bodies and Other Professional Organizations

Accountancy Europe (AE)

Project and Work Streams Commenced Before 2024 (Table-A)

According to Table-A, the IESBA plans to issue 3 exposure drafts in the first quarter of 2024. This is a very ambitious plan and may lead to some unintended consequences. As an example, stakeholders will be reflecting on their comments about these exposure drafts concurrently and this may have an impact on the quality of the feedback provided. Some stakeholders may not be able to provide any feedback due to resource constraints. Hence, the IESBA could consider deferring the consultation regarding the use of experts’ project.

We support planned information gathering projects mentioned in the Table.

PAIBs encounter challenges in complying with NOCLAR provisions of the Code, particularly in jurisdictions where there is no legal framework for whistle-blower protection. Although the requirements and the application material in Section 260 of the Code are adequate, in practice, potential whistle-blowers may often be discouraged from reporting their concerns or suspicions due to fear of retaliation. In this context, the IESBA could discuss with the Monitoring Group members, as well as other stakeholders, the importance of having a balanced and effective framework that has secure reporting channels and protects whistle blowers against retaliation. Based on the results of the PIR, IESBA may need to highlight to key stakeholders that the NOCLAR provisions alone would not be sufficient and supplementary measures would need to be taken.

We also believe that a review of CIV and pension fund arrangements and their relationships with trustees, managers and advisors, to ensure that the independence provisions and the application of the “related entity” definition in the Code remain fit for purpose, may be helpful. Such a review should be made provided that it does not lead to disruptions to the IESBA’s projects on sustainability.

Potential New Topics Identified (Table-B)

Please see our response to Question 3.

Pre-committed Work Streams (Table-C)

We understand that the IESBA aims to achieve synergies by combining PIRs. However, in our view, the post-implementation reviews of the restructured Code and of the NAS and Fee revisions should have higher priority than the other two projects listed in Table-C.

Restructuring the Code was a significant initiative and thus deserves a standalone assessment of whether it has met the initial objectives set and whether subsequently added standards are aligned sufficiently to these objectives. We observe that in many jurisdictions, there is a lag between the effective dates suggested by the IESBA for new provisions and the date of adoption by local authorities. One of the objectives during the PIR of the restructured Code should be to understand the reasons for late or no adoption. The reasons will most likely be diverse in different jurisdictions. Accordingly, the IESBA efforts to support timely adoption and effective implementation of the Code will need to be customised.

Similarly, there are practical challenges with regards to new NAS and Fee-related provisions of the Code, especially about requirements on obtaining the concurrence of those charged with governance and on fee disclosure. Therefore, the IESBA should consider conducting the PIRs of NAS and Fee revisions apart from the PIE definition project. These reviews should gather feedback from all stakeholders including representatives of audited entities (i.e. those charged with governance and management) who often have difficulty in understanding the nature of, and the reasoning behind, new requirements set by the IESBA for auditors.

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

We recommend IESBA postpone the Custody of Data project until IESBA conducts the post-implementation review of the technology-related revisions. This will allow for evidence-based decisions about topics of focus where there is a need to make real and impactful improvements.

Association of Italian Audit Firms (Assirevi)

Assirevi believes that priority must be given to project under (i) (“Role of CFOs and Other Senior PAIBs”). Indeed, the role played by CFOs and, more generally, by those who are in charge to prepare the information (financial and non-financial) provided to the investors is nowadays increasingly crucial.

The role of the CFO should also be taken into account in the ongoing project called “Sustainability”. In effect, as mentioned in the Consultation Paper, “*market demand for sustainability information requires CFOs to expand their focus on non-financial information. One of the key roles of the CFO and finance function is to establish clear links between financial and non-financial metrics in order to drive financial value linked to revenue and operating margins. With their expanded roles, the CFO must help to deliver trust and confidence in the governance of the organization, the quality of its data and reporting, as well as providing ethical leadership and a constructive challenge mindset*” (pag. 26).

In this context, it would be important in our view that also the professional team supporting the CFO is subject to the same ethical and independence requirements applied to CFOs. In this regard it could be useful to define the perimeter of the CFO team members to whom the rules should apply.

Association of Chartered Certified Accountants (ACCA)

Ongoing work streams

We believe that the IESBA should continue working on its ongoing projects. In particular, the Sustainability and Use of Experts projects are responsive to significant public interest issues.

Sustainability

Both the work stream focusing on independence issues relating to sustainability assurance by all sustainability assurance practitioners (i.e., profession agnostic), as well as the work steam focusing on specific ethics provisions relevant to sustainability reporting and assurance engagements, are of significant importance given that it is responsive to accelerated regulations governing sustainability reporting and assurance. For example, in the EU, in light of the Corporate Sustainability Reporting Directive, the Member States will have the option to open up the market for sustainability assurance to non-accountants. Therefore, having a Code including independence standards that is profession agnostic comes at the right time complementing regulatory implementation.

Use of experts

Similarly, the use of experts project aims to address issues relating to ethics and independence relating to the use of experts in audit, sustainability and other assurance engagements as well as the with the use of experts in preparation of financial and non-financial information and in the provision of other services. ACCA's recent publication Sustainability Assurance – rising to the challenge found that when it comes to sustainability assurance we can expect an unprecedented use of experts and standards setters need to take that into consideration when they update their future standards.

Post-Implementation Review – NOCLAR

The NOCLAR revisions were significant with the standard becoming effective in July 2017, hence it is very important to proceed with a post implementation review which will assess whether the objectives were met and areas where further guidance or future standard-setting activity might be needed. For example, practitioners often face challenges in complying with NOCLAR provisions of the Code where local jurisdictions lack regulatory framework (i.e., when there are no whistleblowing protection provisions in local regulations).

Collective Investment Vehicles (CIVs), Pension Funds and Investment Company Complexes

With respect to this project, our view is that while it is an important topic, the Definitions and Description of terms is a more pressing topic for the reasons outlined in our response to Q3 and below where we discuss the potential work streams. We therefore suggest postponing the work on CIVs and accelerating the work on Definitions and Description of Terms.

Potential work streams

Definitions and Description of Terms

Following from our response to Q3, in our view, the IESBA should consider accelerating its potential work stream on Definitions and Description of Terms, particularly, in light of the accelerated development of the ED-ISSA 5000 by the IAASB which was recently approved for public consultation. We understand that the IESBA and IAASB are in close co-ordination particularly when it comes to their respective sustainability related projects, however, we believe 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 with the proposed definition used by the IESBA Code under the IESBA's Sustainability Project at this stage

Furthermore, 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 even if that would require postponing some of the other projects listed in table B. This also includes the development of NAM, which will very likely be needed, particularly for non-accountants wishing to comply with the provisions of the Code following the completion of the Sustainability work streams.

Pre-committed work streams

While we understand that the Post-Implement Review – NAS and Fees will require a high demand on resources, in our view the IESBA should prioritise this over the other projects listed as pre-committed work streams. This is likely to help identify the reasons behind the challenges faced by practitioners to comply with these provisions and help identify areas for future revisions or the need for development of NAM.

Similarly, we believe that the IESBA should prioritise the post-implementation review of the restructured Code, helping to obtain insights on whether the objectives of the project, such as usability, translatability and application were met. This post-implementation review is also of particular importance given its direct link with the proposed operational driver for further increasing global adoption of the Code and supporting its implementation, as well as, with the proposed strategic theme – widening the influence of IESBA's standards through a continued focus on adoption and implementation.

Botswana Institute of Chartered Accountants (BICA)

Post Implementation review of NOCLAR should be accelerated as it has been effective for a significant number of years.

Chartered Accountants Australia and New Zealand (CA ANZ)

CA ANZ considers that some projects should be prioritised to enable the profession to lead in emerging services such as sustainability reporting and assurance.

We are concerned about the number of proposed post implementation reviews (**PIR**s) for two reasons.

1. That the rate and pace of proposed changes to the Code from the PIRs may negatively impact rates of adoption and implementation of new requirements which may undermine the intended purpose of the changes.

2. The timeframes between operative dates and proposed PIR dates are inconsistent. Some PIR dates are scheduled 6 years from the operative date (Restructured Code) and some are as little as 3 years from the operative date (Definition of Public Interest Entity). For the profession to provide meaningful feedback to the PIR process, we recommend that sufficient time be provided between operative and PIR dates.

The Chamber of Auditors of the Czech Republic (CACR)

In our view an acceleration of potential work stream "Role of CFOs and Other Senior PAIBs" (set out in table B) would further advance the centrality of Ethics, given the expanding roles of professional accountants in Business.

Certified Professional Accountants Australia (CPAA)

CPA Australia does not have any specific recommendations for IESBA to consider accelerating or deferring potential or pre-committed workstreams. However, it is important to be mindful of any resulting revisions to the Code and the impact they may have on PAs in business and public practice, especially in SMP, to adopt and implement.

We would again encourage the use of non-authoritative material where appropriate too.

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

Table A

The PTC thinks that a Post-Implementation Review (PIR) is very important in determining whether a standard has been implemented as expected and is effective. The PIR can be informed by the regulation and enforcement experience that has occurred and provide insight as to whether changes are required or if guidance support from the IESBA is warranted. In this regard, we are eager to see the

Responding to Non-compliance with Laws and Regulations (NOCLAR) PIR advance quickly to inform those jurisdictions where NOCLAR has been implemented, in full or in part, as to the standard's effectiveness and to assist those jurisdictions where it remains under consideration.

Table B

The PTC does not think that the consideration of Audit Firm – Audit Client Relationship should be a priority. Independence requires consideration beyond this and includes being responsible to investors, creditors and other third parties. It is not clear what would be accomplished by changing terminology because audit fees will be negotiated and paid for in the same manner in any event.

The PTC also does not think that Definitions and Descriptions of Terms should be prioritized because continuing coordinated work with the IAASB should allow for enhancing consistency and if a focused project is needed, then a completion milestone should be established by which full consistency will be achieved followed by continued close coordination with the IAASB to maintain consistency.

Table C

The PTC thinks that the PIR for Non-assurance Services (NAS) should take place before 2027 which is considered to be too long to begin reviewing these revisions. On the other hand, the PTC views a PIR of the restructured Code as a lesser priority and suggests that this review should be internally conducted focusing on maintaining conformity with the restructured drafting approach. The PTC thinks that users experiencing unintended consequences or implementation issues related to the restructuring have likely already surfaced and been identified to the IESBA.

Hong Kong Institute of Certified Public Accountants (HKICPA)

We trust that our comments are of assistance to you. If you have any questions regarding the matters raised above, please contact Selene Ho, Deputy Director of the Standard Setting Department (selene@hkicpa.org.hk).

Irish Auditing and Accounting Supervisory Authority (IAASA)

Comments on the proposed work plan

Assurance on sustainability statements

IAASA strongly supports the IESBA project aimed at developing ethical provisions for assurance engagements on sustainability information for both auditors and other assurance providers. European law requires sustainability assurance providers to adhere to ethical principles equivalent to those that apply to statutory auditors in their performance of the audit. IESBA's proposals should include provisions for them which are equivalent to those applicable to accountants and auditors, and should not undermine the current provisions already applicable to auditors for audit engagements on financial statements.

Strengthening ethical provisions for the use of experts is also an area which will become crucial for sustainability reporting assurance and deserves IESBA's attention.

One of the critical factors for European adoption will be coverage of the European legal requirements set by the Corporate Sustainability Reporting Directive (CSRD) for auditors and other assurance services providers, as well consistency with the provisions of the ESRS.

Regarding the need to adhere to the set deadline for delivery, under the CSRD, assurance reports will be required on 2024 year end sustainability statements. Ethical provisions will also need to be in force then that apply to those engagements.

The "Summary Illustrative IESBA Work Plan 2024-2027" in appendix 3 of the CP indicates that, except for the rollout of the revisions to the Code at the start of 2025, no further milestones are planned beyond 2024. We expect further work will be required in the coming years and IESBA should ensure that the need to continue developing the Code for sustainability assurance is adequately reflected in the work plan.

Other projects

The project on collective investment vehicles does not appear to merit the same level of short term priority as sustainability assurance. Given its regulatory role, IAASA is most interested in IESBA projects that would enhance the provisions applicable to auditors or other assurance services providers.

IAASA will continue to support the actions taken by IESBA to monitor emerging developments, in particular developments in artificial intelligence techniques and tools, which are likely to impact the behaviour and work of auditors and may merit specific coverage in the Code.

On the non-assurance services post implementation review project, there are continuing concerns with respect to whether the "threat and safeguards" approach set out in the Code provides sufficient guidance for auditors to properly apply it. IESBA should assess whether the "threats and safeguards" approach in the Code should be supplemented with stricter prohibitions of certain non-assurance services for PIE auditors, such as those provided for in the EU Audit Regulation.

Ikatan Akuran Indonesia (IAI)

We agree with the plan set by the Board and encourage ongoing review of projects during their implementation.

Regarding sustainability project on the Table A, we believe companies will need sufficient time to adopt new sustainability reporting and assurance standards. Given these conditions, it is crucial to carefully consider, and not to make modification to the Code too early before fully understanding the implications of the reporting and assurance standards.

Institute of Chartered Accountants in England and Wales (ICAEW)

ICAEW notes that IESBA has set itself an ambitious work plan (according to Table-A, the IESBA plans to issue 3 exposure drafts in the first quarter of 2024). It will be important to ensure that the focus on sustainability is not overly diluted. See the comments below.

Institute of Chartered Accountants of Nigeria (ICAN)

We believe in the planned timing of those projects. We agree with the project and the work plan.

We don't think any of them should be deferred or accelerated to avoid undue pressure on anyone.

We have no problem with the projects as planned. Nothing comes to mind that makes us think that any of them should be accelerated or deferred. Also, given the demand for resources, we are comfortable with the work plan.

Institute of Chartered Accountants of Scotland (ICAS)

As noted earlier, it would appear that a significant number of IFAC member jurisdictions have not yet adopted the Restructured Code, and therefore we would suggest that the Post-Implementation Review of the Restructured Code should be a priority over the Long-Association Post-Implementation Review.

Also as noted above, there currently appears to be no plans to carry out a Post-Implementation Review of the technology related revisions to the Code (effective from December 2024) in the period 2024-2027 and suggest that, given the speed of change in relation to AI, it might be better to schedule this earlier.

Institut der Wirtschaftsprüfer (IDW)

Given our comments on the proposed strategic actions supporting "Widening the Influence of the IESBA's Standards Through a Continued Focus on Adoption and Implementation", the IDW is of the opinion that special emphasis should be put on the PIRs and root cause analyses in Tables A and C.

Institute of Singapore Chartered Accountants (ISCA)

We are encouraged that IESBA had placed high priority on strengthening the independence standards in its SWP for 2019 – 2023 and issued revised standards addressing the permissibility of non-assurance services (NAS) to audit clients and fee-related matters. IESBA had also finalised an expanded definition of public interest entities (PIEs) which would be effective 15 December 2024.

We are supportive of the IESBA undertaking the NAS and Fees post-implementation reviews (PIRs)(set out in Table C) in conjunction with the PIR of the PIE revisions to have a holistic understanding of the impact of these revised provisions. We believe that the profession should focus on adjusting and adapting to the NAS, Fees and PIE revisions which contain significant amendments, and recommend that the IESBA accelerate these PIRs before taking on potential new topics set out in Table B.

In addition, we urge the IESBA to give the profession a longer transition period on the adoption of revised standards, especially those with a tight timeframe between approval and effective dates. This approach would allow professional accountants (PAs) to work towards compliance as early as possible while providing time for controls and processes to be fine-tuned after the effective date. For instance, whilst we support IESBA's proposal to dedicate its focus on the sustainability and use of experts projects (set out in Table A), we believe that a longer transition period is crucial given the intent to apply the same set of requirements to non-PAs, necessitating increased effort and time on the part of national standard setters.

Japanese Institute of Certified Public Accountants (JICPA)

We have no comment.

Korean Institute of Certified Public Accountants (KICPA)

Pan-African Federation of Accountants (PAFA)

We noted that the Board has indicated that it will commence laying the groundwork for the NOCLAR post implementation review in Q4 2023 and will establish the scope of, and approach to, the review. Our view is that given that its been quite a while since NOCLAR became effective, this post implementation review is long overdue and in fact should be prioritised with greater urgency.

The alignment of terminology between the IESBA and the IAASB is another topic that we believe should be of a high priority for both boards.

Pennsylvania Institute of Certified Public Accountants (PICPA)

No comment

South African Institute of Chartered Accountants (SAICA)

SAICA believes that the project on Collective Investment Vehicles, Pension Funds & Investment Company Complexes in Table A could be deferred. It has a very narrow scope and does not have an impact on several professional accountants to warrant it being a priority right now. For the reasons provided in question 3, we believe that Business Relationships in Table B also be deferred.

We believe that there should be a greater focus on technology and the ethics of the use of this technology, as indicated in question 3. Post implementation review of NOCLAR should be accelerated and additional guidance and practical cases of NOCLAR re-examined and /or developed. We have noticed that many professional accountants do not understand NOCLAR and still believe it is for auditors only.

Wirtschaftsprüferkammer (WPK)

Project and Work Streams Commenced Before 2024 (Table-A)

As already pointed out in our general comments above, sustainability reporting and assurance should be given absolute priority. In order to focus the available resources on the sustainability project and to give all stakeholders sufficient time to comment on the exposure drafts in the consultation process, we recommend to defer the projects "Use of Experts" and „Post-Implementation Review - Non-Compliance with Laws and Regulations (NOCLAR)". As far as the project „Collective Investments Vehicles, Pension Funds and Investment Company Complexes" is concerned, the profession does not seem to see a necessity for it.

Potential New Topics Identified (Table-B)

As explained in our comments relating to question 3 above, the WPK does not see a need of the profession for the potential topics addressed in Table-B, except for the project „Definitions and Descriptions of terms".

Pre-committed Work Streams (Table-C)

The WPK principally agrees to these work streams, if sufficient resources will be available.

8. Individuals and Others

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

We believe some projects can be deferred and the resources reinvested in sustainability work streams to ensure the quality and timeliness of their deliverables in 2024-2025.

In Table A we suggest the information gathering for ‘Collective Investment Vehicles, Pension Funds & Investment Company Complexes’ and ‘Post-Implementation Review – NOCLAR’ be deferred. Deferral of ‘PIR-NOCLAR’ will allow more experience to be accumulated.

In Table B we suggest ‘Role of CFOs and Other Senior PAIBs’ be deferred.

In Table C we suggest all PIR projects, including NOCLAR, run simultaneously in 2025-2027.

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

No specific comments

Munarriz CE

I think the “Custody of data” project should be accelerated due to its importance in the current business environment with extensive use of technology.

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

We note the proposed commencement of the post-implementation reviews for Non-Assurance Services and Fees is Q4 2027, and we acknowledge that the demand on resources would be high. This is an area where current requirements mean that SMPs may be impacted disproportionately, as many SMEs are looking for a single service provider for numerous activities. This can result in SMPs losing work due to independence issues, even if their clients are not PIEs. As such, this is an important area where we would encourage the IESBA to consider whether it is realistic to bring this project forward, potentially to Q1 2026.

Following the restructuring of the Code in 2019, we note that a post-implementation review has been planned with a potential commencement date of Q1 2025. Noting that the restructuring may have impacted adoption, the SMPAG supports this review being undertaken in a timely manner.