

IESBA Strategy and Work Plan 2024 – 2027**SWP – Reference Material – NVivo Respondent Summary Analysis****Consultation Paper Q5:**

Are there other topics the IESBA should consider as potential new work streams?

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

Should you wish to discuss any of our comments, please do not hesitate to contact me or James Ferris, Chair of the IFIAR Standards Coordination Working Group.

International Organization of Securities Commissions (IOSCO)

Finally, timely and accurate translation of the Code from English to another language is very important in facilitating consistent understanding, adoption and implementation of the Code in practice. Some of our members that have adopted the Code are using a Board-approved translated version in which there are instances where the translation does not reflect the original meaning or intent of the Code. Relatedly, we encourage the Board to continue to consider possible unintended consequences of using words that may be difficult to translate into other languages. Further, we encourage the Board to consider the compliance of the various translating bodies particularly with respect to providing representatives of independent oversight bodies, regulators, and other public interest organizations with an opportunity to review the proposed translation before it is finalized. The Board could also consider establishing a process, perhaps as part of a post-implementation review, to address translation issues that were identified subsequent to finalizing a translated version so those issues could be modified and resolved.

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)

As stated in paragraph 7 of the Overall Comments, we propose that the strategy and work plan should specifically incorporate a way to simplify, enhance understandability and decrease the overall length of the Code, to promote consistent ethical behaviour. This could be achieved through a focused review of all the requirements paragraphs. Requirements should be clear and able to stand alone, without too much application material. It stands to reason that if requirements are comprehensive, scalable, clear, implementable, globally operable and enforceable, there may be less need for application material. A phase two project could include looking at adjustments that conform to the structure of the International Auditing and Assurance Standards Board (IAASB) standards, in which requirements are included upfront and application material follows. Other specific applications that may require simplification include:

- The identification of the audit client, their related entities and the individuals associated with all the preceding entities, for the purpose of correctly applying the independence requirements.

- The determination of prohibited services, i.e. being clearer about which non-audit services are prohibited and which ones are not, and at what level (PIE vs non-PIE and including or excluding related entities).

In addition, and particularly with respect to strengthening the International Independence Standards, we propose a specific consideration of the effects of the following developments on independence and the broader Code:

1. Mandatory Audit Firm Rotation;
2. Audit Only Firms; and
3. Joint Audits.

National Association of State Boards of Accountancy (NASBA)

NASBA believes the proliferation of activities surrounding the development and use of artificial intelligence should be considered as a potential new work stream. NASBA believes activities in this area are as important as the topics identified in Table B.

United Kingdom Financial Reporting Council (UKFRC)

We have not identified other topics that the IESBA should consider as potential new workstreams.

4. National Auditing Standard Setters

Accounting Professional & Ethics Standards Board (APESB)

As mentioned in our response in Comment 2, APESB strongly believes that a project considering the firm leadership and culture should be included in the new IESBA SWP.

Global regulators and stakeholders have consistently expressed concerns about ethical failure among PAs in public practice, particularly highlighting significant ethical failures within large accounting firms in recent years.

Accordingly, APESB is of the view that a potential project on firm leadership and culture should be elevated as a priority above the workstreams that have been identified in Table B in the Consultation Paper.

New Zealand Auditing & Assurance Standard Board (XRB)

We note the recent examples of significant ethical failures in large firms that have occurred in Australia, the United States and Canada which have indicated leadership and cultural issues. As these ethical failures have occurred in several major jurisdictions, the XRB encourages the IESBA to reflect on whether this relates to deficiencies in the IESBA Code and, if not, if there is a need for increased awareness activities that reinforce the principles of the Code.

We encourage the IESBA, in coordination with the IAASB, to consider thought leadership activities or guidance material which emphasizes the firm culture and leadership requirements in the IESBA Code and the IAASB's quality management standards.

5. Accounting Firms

BDO International Limited (BDO)

As indicated in our response to question 3, BDO believes 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. We therefore believe that addressing cryptocurrency and breaches of the IESBA Code are more important than addressing the inherent risks relating to the “audit firm-audit client” relationship.

Cryptocurrency

Cryptocurrency is an emerging issue that firms are currently faced with. Dealing in/with cryptocurrency requires ethical considerations to be front of mind. Furthermore, the independence considerations relating to cryptocurrency and which provisions of the IIS apply when assessing threats relating to firms holding cryptocurrency in an audit client are areas where guidance from the IESBA will be beneficial. BDO believes that the IESBA should consider whether standard-setting activities are needed to address this or whether non-authoritative material illustrating how the current principles contained in IESBA Code apply to cryptocurrency will provide sufficient clarity.

Breaches of the IESBA Code

BDO believes that the professional accountant’s response to a breach of the fundamental principles should be more clearly defined, particularly as it relates to disclosure requirements when the breaches occur and steps available when the professional accountant is unable to end a service.

Deloitte Touche Tohmatsu Limited (DTTL)

None noted.

Ernst & Young Global Limited (EY)

We have no further recommendations as to potential new work streams for the IESBA to consider during the strategy period.

Grant Thornton International Limited (GTIL)

GTIL would like to thank the IESBA for this opportunity to comment. As always, we welcome an opportunity to meet with representatives of the IESBA to discuss these matters further. If you have any questions, please contact Gina Maldonado-Rodek, Director - Global Independence at gina.maldonado-rodek@gti.gt.com.

KPMG IFRG Limited (KPMG)

We do not have other potential new work streams to recommend for the IESBA’s consideration.

Meyers Norris Penny (MNP LLP)

We would recommend the development of further non-authoritative guidance with respect to acting as a witness as part of the litigation support services rules, including the differences between a witness of fact vs. an expert witness and examples of when the advocacy threat would be at an unacceptable level.

Moore Global Limited Network (MGNL)

Technology is changing at such a fast pace that more is needed in the Code, despite the recent changes made. The ethics of using AI, machine learning, etc. need to be written into the Code. Non-authoritative guidance is insufficient for the rapid changes expected in the coming 3 years.

PricewaterhouseCoopers International Limited (PWC)

We believe that the following matters warrant a higher priority than items 2-6 in Table B:

1) **Addressing the attractiveness of the Profession:** The attractiveness of the profession is widely regarded as a key matter concerning the profession, and ensuring a secure pipeline of talent into the profession, particularly as ESG and AI, and other technological disruptors, change the demands on PAs, is a matter of public interest. We encourage IESBA to continue to champion the defining role of ethics “in the DNA” of PAs and PAIBs, and to use this as a strategic driver to attract talent into the profession.

2) **Addressing ethical impacts of AI and other disruptive technology** - we are aware from its recent activities that the Board is acutely aware of the impact of these developments on business, reporting and assurance and we support the Board’s efforts in monitoring such developments and in considering the ethical implications, perhaps by way of additional guidance to PAs.

3) **Co-ordinating with IAASB** in relation to the IAASB’s Projects on Fraud (revision of ISA 240 in the context of an audit of financial statements) and Sustainability Assurance (how fraud is addressed in proposed ISSA 5000) (as a strategic action responsive to the Trust crisis/ corporate failure Environmental Strategic Driver). This covers ethical dimensions for both preparers and assurance providers, both on a profession agnostic basis.

In addition, and more generally, we would encourage the Board to focus on adoption by Member Bodies of the Code and the IIS, rather than further amendments.

RSM International (RSM)

As highlighted above, there was a proposed topic in the IESBA Strategy Survey relating to non-authoritative material. We believe that it is important to determine whether particular topics can be addressed by the development of non-authoritative material. For example, it would be helpful to have such guidance relating to the use of generative AI.

7. Member Bodies and Other Professional Organizations

Accountancy Europe (AE)

We believe that principles-based Code should be flexible enough to respond to emerging issues and new developments adequately. The IESBA should continue considering the use of non-authoritative material to guide the members of the profession on how to apply the Code when facing ethical dilemmas brought by changing circumstances, including new technologies.

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

We have not identified any other potential work streams.

Association of Italian Audit Firms (Assirevi)

Should you have any queries, please do not hesitate to contact us.

Association of Chartered Certified Accountants (ACCA)

Please refer to our response to question 3 above.

Botswana Institute of Chartered Accountants (BICA)

None identified.

Chartered Accountants Australia and New Zealand (CA ANZ)

We refer to our response at Q1. Should additional matters be identified that may indicate a need for amendment/s to the Code we will bring them to the IESBA's attention.

The Chamber of Auditors of the Czech Republic (CACR)

No other topics identified.

Certified Professional Accountants Australia (CPAA)

CPA Australia has not identified any additional work streams.

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

The PTC thinks that independence issues involving employees that work for more than one employer, particularly contractors where it may be difficult to effectively monitor all of their relationships and interests, may need further consideration in the Code as they are becoming more commonplace.

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@hki CPA.org.hk).

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)

Under potential workstream on Table C for the Post Implementation Review- Restructured Code we would like to propose the IESBA to consider Professional Accountant in Public Sector as a different type of Professional Accountant who needs additional part of Code.

Institute of Chartered Accountants in England and Wales (ICAEW)

ICAEW notes the important work undertaken by IESBA on a range of projects in recent years which have resulted in updates to the Code. ICAEW considers that there is benefit in IESBA undertaking a period of consolidation and reflection, to assess the implementation of these recent changes.

ICAEW considers that the advantage of a principles-based Code lies in its flexibility and the ability to respond to emerging issues and new developments adequately. There may be merit in IESBA considering the use of non-authoritative material to guide the profession on how to apply the Code when facing ethical dilemmas brought by changing circumstances, including new technologies.

Institute of Chartered Accountants of Nigeria (ICAN)

We think that the Board considers the impact of Human Resource Mobility in the workplace on ethics and confidentiality. We do not think that this workstream is necessarily more important than any of the topics identified in Table B, but we think that it is a relevant matter for the Board to consider given the trend and increase in mobility among professionals, both professionals in practice and professional accountants in business and see if there is any standard that can be developed to address it.

The Institute of Chartered Accountants of Scotland (ICAS)

We do not believe there are any other topics IESBA should consider as potential new work streams at the moment. As noted earlier, we believe IESBA should be primarily focusing on progressing and completing on-going projects and work streams in a timely manner, particularly its sustainability work streams; promoting the further adoption of the Code; and undertaking post-implementation reviews.

Institut der Wirtschaftsprüfer (IDW)

The IDW does not propose any additional work stream.

Institute of Singapore Chartered Accountants (ISCA)

We note that IESBA has issued technology-related revisions to the Code in April 2023 to enhance the Code in guiding the mindset and behaviour of PAs when they use technology. As these revisions would address the use and disclosure of confidential information, we do not believe that a separate project (set out in Table B) is necessary to capture ethics considerations relating to the custody of data.

Among other technologies, one evolving technology that is fast gaining grounds and applications is artificial intelligence (AI), and more specifically, generative AI. Its emergence poses many new issues and challenges to the profession with ensuing risks, opportunities and other ethical implications.

It is thus timely that the IESBA's Technology Working Group (TWG) has considered the impact of AI, big data and data analytics on ethical behaviour of PAs. We are supportive of the TWG's Phase 2 report issued in November 2022 which recommended the development of non-authoritative guidance around transparency and explainable AI and data used in AI training. In this regard, we recommend that IESBA consider including this project under Table B.

Japanese Institute of Certified Public Accountants (JICPA)

We have no comment.

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)

We believe that the topics considered are appropriate and address the most prevalent issues and therefore do not have any additional topics to add.

Pennsylvania Institute of Certified Public Accountants (PICPA)

See comments to question #1.

Additional Information

South African Institute of Chartered Accountants (SAICA)

IESBA's proposed strategy for 2024-2027 cover important areas, however there are a few examples of potential topics for the IESBA to consider:

- a. Ethical considerations in emerging technologies: Technology is changing at a fast pace that more is needed in the Code, despite the recent changes made. With the rapid advancement of technologies such as artificial intelligence, blockchain, and cloud computing, it would be valuable for the IESBA to address the ethical challenges and implications associated with these technologies. This includes issues like data privacy, cybersecurity, algorithmic bias, and the ethical use of emerging technologies in accounting and auditing processes. Non-authoritative guidance is insufficient.
- b. Ethical considerations in big data analytics and management: As the use of data analytics and management becomes more prevalent in the accounting profession, the IESBA could delve into the ethical implications of data collection, analysis, and interpretation. This could involve addressing issues like data quality, privacy, data protection regulations, and the responsible use of data in decision-making.
- c. Ethics of joint audit arrangements: Joint audit arrangements have become increasingly common in today's complex business environment. These arrangements often involve coordination and cooperation among audit firms, which can give rise to unique ethical challenges. The IESBA's work on ethics in joint audit arrangements would help identify and address these emerging challenges, ensuring that the ethical standards remain relevant and effective.

Wirtschaftsprüferkammer (WPK)

Since the principles-based Code covers the current requirements of the profession, the WPK does not suggest to consider any potential new work streams at the moment.

8. Individuals and Others

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

We have no other topics for consideration.

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

No specific comments

Munarriz CE

I think the IESBA should consider adding a project to incorporate exceptions to some independence rules applicable to audits performed using the ISA for LCEs, similar to the UK Provisions Available for Audits of

Small Entities. I think this topic should be prioritized to be applicable to audits performed using the ISA for LCEs. I understand that these provisions work well in the UK and may be useful for relief to SMP auditors in cases where some safeguards are difficult to apply (e.g. safeguards for self-review threats in NAS provided by sole practitioners and other small firms), while not compromising public interest.

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

The SMPAG has not identified any additional work streams.