IESBA Strategy and Work Plan 2024-2027

Objectives of Agenda Item

1. To consider and provide input to:
   (a) The report-back on the recommendations in the Technology Working Group’s (TWG) Phase 2 Final Report; and
   (b) The first read of the draft Consultation Paper for the Strategy and Work Plan (SWP) 2024-2027.

Working Group

2. The Working Group comprises members of the Planning Committee (PC):
   • Gabriela Figueiredo Dias, IESBA Chair
   • Caroline Lee, IESBA Deputy Chair
   • Richard Huesken, IESBA Member
   • Jens Poll, IESBA Member

Observer
   • Gaylen Hansen, Chair, IESBA CAG

Activities

3. In September 2022:
   • The IESBA Chair and Staff sought feedback from the IESBA CAG on the significant comments raised by respondents to the April 2022 Strategy Survey, taking into account the September 2022 IESBA discussion.
   • IESBA staff sought input from IFAC’s Professional Accountants in Business Advisory Group (PAIBAG) with respect to the strategic focus on raising the bar of ethical behavior for PAIBs and the Board’s Sustainability work stream.

4. In October 2022, the IESBA PC and the International Auditing and Assurance Standards Board (IAASB) PC held a joint virtual meeting to share views on matters of strategic coordination relating to the development of the two Boards’ SWP 2024-2027.

5. Refer to the Appendix for highlights of the above meetings.

6. The PC held virtual calls in Q4 2022 to develop the agenda material for this meeting.
First Read of Draft Consultation Paper

7. The structure of the draft Consultation Paper is as follows:

<table>
<thead>
<tr>
<th>Section I – Request for Comments</th>
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<tbody>
<tr>
<td>• List of questions for respondents</td>
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<table>
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<tr>
<th>Section II – Proposed Strategy 2024-2027</th>
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<tbody>
<tr>
<td>• Vision</td>
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<tr>
<td>• Strategic drivers</td>
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<td>• Strategic themes and actions</td>
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<td>• Coordination with IAASB</td>
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<tr>
<th>Section III – Proposed Work Plan 2024-2027</th>
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<tr>
<td>• Key considerations in establishing and delivering the work plan</td>
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<td>• Project and work streams commenced before 2024 (Table A)</td>
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<td>• Pre-committed work streams to commence during or after Q1 2024 (Table B)</td>
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<td>• Proposed new work streams (Table C)</td>
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<tr>
<td>• Other possible work streams</td>
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<td>• Other activities</td>
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Appendix 1 – Descriptions of projects and work streams

Appendix 2 – Summary Illustrative IESBA Work Plan 2024-2027

8. The draft Consultation Paper includes a number of placeholders for potential work streams drawn from the recommendations in the TWG Phase 2 Final Report. The PC will update the draft Consultation Paper in the light of the Board’s discussion of the report-back on the TWG’s recommendations (Agenda Item 6-A).

Action Requested

9. IESBA members are asked to provide input to the matters for IESBA consideration as set out in:

(a) The report-back on the TWG’s recommendations in its Phase 2 Final Report (Agenda item 6-A); and

(b) The draft Consultation Paper (Agenda Item 6-B).

Next Steps

10. The Board will consider a second read of the draft Consultation Paper at its March 2023 meeting with a view to approving it for public consultation.
11. The remaining timeline for the development of the SWP 2024-2027 is as follows:

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Expected Timing</th>
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<tbody>
<tr>
<td>IESBA approval of SWP Consultation Paper</td>
<td>March 2023</td>
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<tr>
<td>Discussion of Consultation Paper responses and draft SWP with CAG</td>
<td>September 2023</td>
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<tr>
<td>Full IESBA review of Consultation Paper responses and draft SWP</td>
<td>September 2023</td>
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<tr>
<td>IESBA approval of SWP</td>
<td>December 2023</td>
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<tr>
<td>PIOB consideration and approval</td>
<td>March/April 2024</td>
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<tr>
<td>Release of SWP 2024-2027</td>
<td>April 2024</td>
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Material Presented

For Discussion

Agenda Item 6-A Report-Back on Recommendations in the Technology Working Group’s Final Phase 2 Report

Agenda Item 6-B Draft SWP Consultation Paper
Appendix

Highlights of Discussions with IAASB PC and Other Stakeholders

September 2022 CAG Meeting

12. The CAG was generally supportive of the four strategic areas of focus proposed in the April 2022 Strategy Survey (the Survey).

13. Among other matters, CAG representatives discussed the proposed strategic focus on raising the ethical bar for PAIBs. The following were raised in particular:

   • Whilst CAG representatives recognized the role of PAIBs in financial and non-financial reporting and the need for PAIBs to adhere to high ethical standards, a few representatives queried how compliance with the Code can be effectively enforced. In response, IESBA representatives clarified that enforcement responsibilities generally rest with the professional accountancy organizations through monitoring complaints and taking disciplinary actions.

   • In response to a query about the meaning of the phrase “raising the bar,” IESBA representatives clarified that this means enhancing standards of ethical behavior for PAIBs.

   • There was a suggestion to consider the role of PAIBs in corporate governance as a potential topic to be included in the SWP.

14. Refer to the draft September 2022 IESBA CAG minutes (Agenda Item 1-B) for more information.

September 2022 IFAC PAIBAG Meeting

15. The PAIBAG expressed support for the Board’s focus on sustainability reporting and assurance as well as its proposed focus on raising the bar of ethical behavior for PAIBs in the SWP. There was some discussion regarding the IESBA’s commitment to developing profession-agnostic ethics, including independence, standards for sustainability assurance providers outside the accountancy profession. This provided an opportunity for IESBA staff to explain the background to, and rationale for, the IESBA’s decision to dedicate a strategic focus on developing such profession-agnostic standards.

16. A few PAIBAG members noted the evolving role of CFOs in the digital age.

October 2022 IESBA-IAASB PC Joint Session

17. The two Boards’ PC members reflected on, and shared views about, common issues, complementary goals, and opportunities for further coordination and strategic alignment.

18. Key comments raised include the following:

   Sustainability Work Stream

   • This is an important project for both Boards with high expectations from IOSCO and others from the regulatory community.

   • Both Boards need to approach this work stream creatively given that the users of the standards are not just from the accountancy profession, so there is a need to develop profession-agnostic standards.
• This work stream provides an excellent opportunity for coordination between the two Boards from the outset with stakeholders expecting a high level of coordination.

**Focus on the Issue of Trust**

• Both Boards have in the past addressed issues relating trust in the accountancy profession. As public trust seems to be a persistent issue, there is a continual need to focus on the traditional areas of audit and independence.

• The Boards should place a greater focus in their messaging on the objective of restoring trust in the profession and how their standard-setting activities serve to achieve this objective.

**Coordination**

• Whilst acknowledging that technical coordination between the two Boards has been well executed, the PCs agreed that more consideration of interdependencies could be done upfront at the information-gathering stage of a work stream. The two Boards’ messaging and communications should also be properly coordinated.

• There needs to be flexibility within the work plans in order to facilitate changes in priorities or in the scope of projects based on learnings from project coordination.

• There may be opportunity in the future for a joint IESBA-IAASB project as demands for new types of assurance work continues to grow.

• The two Boards’ SWPs should demonstrate that there has already been a high degree of coordination during the current strategy period.

**Stakeholder Management**

• The Boards should dedicate efforts to enhancing stakeholders’ understanding of their standards so these standards can be properly implemented across jurisdictions.

• The Boards need to strike a balance between the accountancy profession feeling overwhelmed by the pace of change in standards and meeting the expectations of other stakeholders.