

Compilation of Responses to the Strategy and Work Plan, 2014-2018 Consultation Paper

Responses to Specific Questions

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
Q1. Do you support the four work streams the Board added to its SWP in 2012, i.e., Long Association, Non-Assurance Services, Review of Part C, and Structure of the Code (See Section II)? If not, please explain why.			
1.	ACCA	<p>We support the four work streams as set out in paragraph 21 of the consultation paper. In particular, we see the review of Part C of the Code as somewhat overdue, and would encourage a thorough review to determine what aspects of Parts A and B may be mapped across to relate to professional accountants in business. Taxation, for example, is an area in which a professional must retain the objectivity required of a professional. However, in the case of a professional accountant in business, this is particularly difficult, due to the degree of control exercised by the employer over the employee.</p> <p>A competing challenge concerns the length of the Code. Therefore, the review of Part C goes hand-in-hand with the restructuring of the Code. There should be appropriate balance between Parts A, B and C, although the principles in Part A should be seen to be paramount.</p> <p>Appropriate balance will also ensure that the issues sometimes faced by the professional accountant in business are given due consideration and importance. Notably, the position of the professional accountant in business is often a solitary one (in comparison to the support available to the accountant within a practicing firm), and help is needed when faced with competing pressures and obligations.</p> <p>A review of the structure of the Code might also include an attempt to improve the clarity of the language used. ACCA advocates the use of plain English and clear, concise sentences.</p> <p>Above all, the review of the structure of the Code must focus on the outcomes of enhanced engagement with the Code and higher standards of ethical behavior. Therefore, we believe that to improve the structure of the Code is the most important work stream of IESBA currently. While we acknowledge the extent of this challenge, we believe that success will reap dividends, as an enhanced structure will inform other projects.</p>	Support noted and comments shared with the relevant TFs.
2.	AICPA	Due to the fact that the IESBA has already devoted significant resources to these work streams,	Comments brought to Board's

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>we do not object to the Board continuing its efforts to provide guidance to professional accountants in these areas and to enhance the Code's usability. However, we believe that prior to commencing projects in the future that are not part of the Board's Strategy and Work Plan, it should first obtain the views of its stakeholders (e.g., through consultation on proposed revisions to its Strategy and Work Plan) and only commence projects that the Board has approved to be added to the Strategy and Work Plan. We appreciate that the Board would like to be responsive to emerging issues and in cases where such an issue may arise that the Board believes should result in a new work stream, a revised Strategy and Work Plan could be issued for stakeholders' views or perhaps, a less formal and more expeditious process could be implemented to seek input from stakeholders on whether a new work stream should be added to the Board's agenda. We believe such a process could be implemented without hindering the Board's ability to be responsive to emerging issues.</p> <p>We also ask the IESBA to be mindful that many member bodies, such as the AICPA, have been working towards convergence with the extant IESBA Code. Significant restructuring or drafting changes to the IESBA Code resulting from the Structure of the Code project would place a significant burden on member bodies and hinder efforts to effectively converge with the IESBA Code. Likewise, the Code's existing provisions on long association and non-assurance services were revised and first became effective January 1, 2011. We question the need to revisit this guidance so soon after adoption and ask the Board to carefully consider in the future whether revisions to recently adopted guidance in the IESBA Code are truly necessary as it may hinder member bodies' efforts to converge with the IESBA Code.</p>	attention, see Sections B and D, April 2014 Board issues paper.
3.	APESB	<p>APESB supports the four work streams that IESBA added to its SWP in 2012.</p> <p>We note that there have been significant ongoing debates in various jurisdictions in respect of auditor independence issues associated with long association of senior personnel and non-assurance services provided by the external auditor. In some jurisdictions this has led to mandatory audit firm rotation and limits being placed on non-assurance services that can be provided by the entity's external auditor.</p> <p>Accordingly, it is imperative that IESBA as the global standard setter for auditor independence matters consider these issues and develops its own position on these matters. This will also be an opportunity for IESBA to perform a reassessment of these provisions in IESBA's Code taking</p>	Support noted and comments shared with relevant project TFs. See also new emphasis on thought leadership in revised draft of SWP.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>in to consideration the current global regulatory environment and stakeholder concerns.</p> <p>APESB is also supportive of the IESBA project on the review of Part C of the Code which impacts on Professional Accountants in Business (PAIBs). This member segment is a significant proportion of all Professional Accountants and the issues they have to face and deal with can be substantially different from the ethical challenges encountered by Professional Accountants in Public Practice.</p> <p>We believe that the restructure of the Code to increase its global usability and adoption will be the most challenging project for IESBA in the 2014-2018 strategic period. This project needs to consider jurisdictional differences, institutional arrangements for auditor independence requirements in the various jurisdictions, and the interests of different stakeholder groups who will have diverging views on the optimal structure of the Code.</p>	
4.	CGA Canada	<p>CGA-Canada supports the four work streams that the Board added to its SWP in 2012. We wish to provide the following views as they relate to these projects:</p> <p>When considering long association, we are of the opinion that use of the same senior personnel may result in familiarity, or self-interest threats to independence, but that involvement may also serve the engagement well and indeed, in some cases, strengthen the financial reporting (i.e. in cases where the client is small or when the client is particularly reliant upon the expertise of the firm, these benefits have a greater positive effect than the negative effects presented by the independence threats). A smaller client should be permitted the option to continue with the existing firm (provided appropriate written client confirmation is secured), and the professional should be permitted to apply appropriate and commensurate safeguards (such as having another senior professional review the file, or an engagement quality control review is performed). Furthermore, we believe that the partner responsible for the quality control review of the audit engagement should be exempt from the rotation requirements.</p> <p>We note that one of the areas of consideration relates to an increase in the duration of the cooling-off period from the current two years with respect to audits of public interest entities. We caution the Board in these deliberations. In the same way that there is no empirical evidence that suggests seven years is the number of years where the threats to independence are so egregious as to require rotation; likewise, there is no empirical evidence that supports a period of longer than two years to cool-off is in order.</p>	Support noted and comments shared with relevant project TFs.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>We believe those charged with governance should be permitted involvement in the rotation decision. In cases of smaller, unlisted entities, if it is determined that the familiarity or self-interest threats do not represent undue concern to the organization, the ability to continue the relationship should endure. This would permit organizations that are objectively satisfied with their firm, or that are well served (particularly in specialized industries such as oil and gas) to continue with their current auditors. It would also “protect” SMEs from having to unnecessarily rotate where overall client effectiveness is not enhanced.</p> <p>We look forward with much anticipation to the review of the non-assurance service provisions in Sections 290 and 291 of the Code. We believe that there is a good deal of misunderstanding with the concept of “routine and mechanical” services relating to the preparation of accounting records and financial statements, and expect that the revisions will serve to clarify the confusion on the application of these requirements.</p> <p>With respect to the review of both Part C of the Code and the Structure of the Code, it will be particularly important, when undertaking these projects, to ensure that those provisions which apply to professional accountants in business are easily identifiable, separate and apart from those that apply to SMPs. In the case of professional accountants in business employed within SMEs, It has been our understanding that these individuals have limited access and/or resources to invest in the development of an understanding of the Code provisions. Thus, the easier it is to identify these requirements, the greater will be adoption within this sector.</p> <p>The interest in, response to, and respective concerns noted with regard to the unethical or illegal acts project has been overwhelming. We anticipate, with great interest, the release of the Phase I completion in Q2 2016 in order to determine how the requirements have been revised when compared to the initial exposure draft released in 2012, entitled “Responding to a Suspected Illegal Act”.</p>	
5.	CIMA	<p>Yes; although we note that there is one work stream continuing into this period from 2009, and four new work streams being introduced from Q2 2015 (2) and Q1 2017 (1) making a total of nine work streams operating within the 2014-2018 period, with all but one (Fee dependency) concluding within that timeframe. We would caution against project overload at the risk or expense of agile delivery and currency of output.</p> <p>As the majority of our 203,000 members and students work in business, we would support</p>	Support noted. The proposed SWP acknowledges the constraints on resources and the need to not commit all resources at the expense of flexibility.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		prioritization of the Part C review and the review of the structure of the code to improve its implementation and application. We also feel that this would assist in rebalancing the code and reaffirming its relevance to PAIBs.	
6.	CNCC	<p>Long association</p> <p>We believe that this matter is important especially in the context of the EU reform. We think that the IESBA should focus on the duration of the cooling off period and on what can be done or not during the cooling off period.</p> <p>Provision of non-audit services</p> <p>It should be kept in mind that reviewing matters such as provision of non-assurance services to an audit client should be considered very carefully.</p> <p>CNCC and OEC agree with the idea of clarification and guidance which could be dealt with a Q&A process or periodic improvement on matters such as management role and Information technology system services.</p> <p>Due to the self-review threat, permitted Book keeping services could also be reconsidered in a more stringent way.</p> <p>Structure of the code</p> <p>IESBA should think about different objectives for the different categories of professional accountant using the code of ethics. Convergence is of utmost importance for auditors dealing with listed PIEs or with international exposure : a single set of ethical standard will avoid misunderstanding on independence principles as well as expectation gap for stakeholders from different jurisdictions . For other categories of professional accountant, a code of ethics could be a good benchmark but convergence is not necessarily a priority.</p> <p>The project undertaken by the board on code restructuring project should consider whether it is necessary to split the code in different parts in order to help convergence.</p> <p>A consultation paper could be useful.</p> <p>Review of part C</p> <p>It does not relate to CNCC nor OEC members.</p>	Support noted and comments shared with relevant project TFs.
7.	CPA	CPA Australia supports the four work streams and particularly the review and development of	Support noted and comments shared

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
	Australia	Part C of the Code. We urge the Board to prioritize this stream and consider it together with the Structure of the Code stream. Given that Part C is relevant to all professional accountants, we are of the opinion that in reviewing the structure of the Code, the division between parts A and C of the Code should be critically evaluated.	with relevant project TFs.
8.	CPA Canada	We generally support the four work streams, although we note that there have been a number of revisions to the Code in the past few years. There is some concern that fatigue or overload may become a factor for many member bodies and their members as additional future revisions are approved and released. Some consideration might be given to planning for the release, on a timed basis, of any resulting revisions either en masse or in groups, so as to reduce the frequency of new releases.	Support noted. See also Section B of April 2014 Board issues paper re change fatigue.
9.	Denise Juvenal	Yes, I support the four work streams the Board added to its SWP in 2012. I consider that these points about Long Association, Non-Assurance Services and Review of Part C are very important for this moment. I suggest the IFAC/IESBA work together with principal and International Regulators and International Organizations that develop these matters, considering the use in future of the Integrated Reporting and XBRL in the practice organizational.	Support noted.
10.	DTT	<p>We support the Board's objective of maintaining a Code that remains credible and relevant in a constantly evolving global environment. Nonetheless, we urge the Board to balance the expected incremental benefits of the revisions being considered in these work streams with the potential incremental costs and the potential for undermining or delaying convergence efforts. The Board should look beyond its current focus on standard setting to provide both a period of stability for the existing Code and also ensure more time is dedicated to outreach, promotion of the Code and convergence and adoption activities.</p> <p>We believe further changes to the Code should be considered only if there is sufficient objective evidence that the current provisions or safeguards are not effective and the key factors outlined in paragraph 23 of the Consultation Paper are met. On the other hand, since the current non- assurance services and long association provisions were significantly revised in the Code that became effective in 2011, we need to recognize that many member bodies have not yet adopted those changes. It is not entirely clear on what basis the Board decided to prioritize further revisions to these specific areas.</p>	Support noted. See also Section B of April 2014 Board issues paper re frequency of changes to the Code and related implementation challenges, and focus on outreach and adoption and implementation, and needs assessment.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		Moreover, the Review of Part C work stream is considering further revisions to Section 320, when the prior revisions to Section 320 are not yet effective or adopted by IFAC member bodies. In our judgment, it would seem prudent to wait and analyze implementation of these recent provisions of the Code before determining whether additional guidance is needed in particular areas.	
11.	DTT	<p>We believe the work stream on the Structure of the Code may be important depending on a better evaluation of the key objectives. If the structure of the Code is widely viewed as a significant impediment to its adoption and implementation or greater acceptance of the Code, then it would make sense to reconsider its structure, however the Board should be clear on the objectives and likely benefits and outcome being sought as a result of this work stream. Rather than focus on whether regulators and audit oversight bodies are able to enforce the Code, we believe it would be more valuable for the Board to consider how it may gain understanding and acceptance of the robustness of a principles based approach by focusing on outreach, implementation guidance and other educational materials. In this respect, we believe it is of most importance to achieving greater acceptance of the Code for the Board to find a way in which to more clearly highlight the restrictions in the independence section and also potentially segregating it as a separate, stand- alone document.</p> <p>The work plan shows that the Board does not plan to complete this project until 2017 despite a key assumption in the Consultation Paper being that the Board will proceed with the Structure of the Code work stream as a formal project "on a high priority basis". We believe that if the project is to be prioritized, and its outcomes are considered to potentially have a significant impact on convergence efforts, then it should expand the resources and attention needed to ensure a much swifter outcome. Another approach may be to classify the project into several short and long-term activities to ensure some faster outcomes where possible.</p>	Comments shared with Structure TF.
12.	EY	<p>We are generally supportive of the four work streams added by the Board to its SWP in 2012. As we expressed in our responses to the Long Association and Rotation questionnaire circulated last year, we believe the existing provisions in the Code provide appropriate and necessary protection against such threats, although we acknowledge that there may be discreet areas that could be enhanced. Similarly, we believe the existing non-assurance services provisions of the Code are generally in line with regulator expectations and are scoped appropriately. However,</p>	Support noted and comments shared with relevant project TFs.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		we do see merit in revisiting the management function content in the Code for enhanced clarity and reconsidering the emergency situations provisions of the Code related to bookkeeping services. We agree with the overall objective of the Part C project and believe it is worthwhile to review this section to ensure that its provisions continue to be appropriate and robust. However, as stated in the introduction above, we believe resources and energy should primarily be focused on activities that will maintain and raise the stature and credibility of the Code. In this regard, we view the project on Structure of the Code as being particularly important and one that could significantly increase the Code's robustness and profile as the common benchmark in the profession. However, we urge the Board not underestimate the effort and resources needed to complete this project particularly as we view it as a project that should be completed with some urgency.	
13.	FAR	FAR supports the four work streams adopted in 2012. The order of importance in FAR's view is Structure of the Code, Non-Assurance Services, Review of Part C and Long Association.	Support noted.
14.	FEE	<p>Since the IESBA has added these four work streams to the Work Plan in February 2012 and the execution of these has started or is well advanced, we do not necessarily understand the relevance of this question. We wonder if it is worth consulting on these projects while these are on their way to being completed.</p> <p>The IESBA 2014-2016 Strategic Survey, as responded to by FEE in March 2013, consulted on the importance of two of those work streams. Hereby, FEE classified the Structure of the Code as 'important' and Non-Assurance Services as 'very unimportant'. This classification is still valid.</p> <p>Both the projects on Long Association and the Review of Part C are in full swing (as per Appendix 3 to the SWP).</p> <p>We would classify the project on the Review of Part C as 'important', also in light of the debate on tax good governance for instance. As far as the project on Long Association is concerned, although we appreciate that the IESBA is working on guidance, this seems to be a matter to be dealt with by laws and regulation rather than by an ethical code, both in general and definitely from the EU perspective, now that a compromise has been reached on such matters.</p>	Comments noted.
15.	IAA	We substantially agree with the four new lines of work, as well as the key factors identified in paragraphs 21-23 of this document.	Support noted.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		In this regard, it is important to emphasize the provisions in paragraph 24 regarding that the extent of the capacity of the agenda that will open during the period and when this is expected to occur, should be taken into account.	
16.	ICAEW	<p>With the important caveats referred to below, we support the continuation of the four work streams added in 2012. We trust that changes considered to be necessary to the code, will not be brought in piecemeal.</p> <p>Long association and Non-audit services – we support these projects as part of the ongoing programme of review, though we are not aware of overwhelming evidence to suggest that the current requirements are no fit for purpose. In respect of these projects we highlight:</p> <ul style="list-style-type: none"> • the need to keep black-and-white, or bright-line requirements to the minimum necessary – they can result in unintended consequences; • where change is made, it should be supported by evidence of need for change; • where the issue is considered to be need of additional explanation, this may be achieved better, outside of the code itself, particularly in view of the current state of flux in the guidance for European member bodies. <p>Review of Part C – we partly support this project:</p> <p>Approximately 70,000 of our members work outside of practice and our experience is that Part C, though short and relatively unchanged for some time (or maybe because of that), is largely fit for purpose. We are not clear that there is evidence to support wholesale change to Part C as being necessary or desirable, so if significant change is made, IESBA should be clear, through relevant research (perhaps in emerging markets) as to what the need is.</p> <p>An area where we do believe a review is needed, is how to address pressure to engage in unethical practices. This is without doubt the biggest issue in this area and IESBA gives little guidance at present.</p> <p>Structure of the code – we support the project as a key priority. Even applying the code in its original language, there can be issues of understanding and location. This has to be got right before any further changes are issued. In respect of implementing changes arising from this project, we highlight the need to keep the frequency of code changes to a minimum.</p>	Support noted and comments shared with relevant project TFs. See also Section B of April 2014 Board issues paper re needs assessment.
17.	ICAS	Work streams on issues of Auditor Independence: Long Association and Non-Assurance	Support noted and comments shared

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>Services</p> <p>We note that:</p> <p>“Over the past decade or so, the Board has focused largely on developing robust ethics standards for Professional Accountants in public practice, particularly independence standards for audits of financial statements and that this will continue to be a strategic focus for the Board, particularly in support of audit quality.”</p> <p>We also note that two of the new work streams for the period 2014-2018 relate to issues addressed in section 290 of the Code. Such is the importance placed on “auditor independence” by regulators, we believe there is an urgent need to remove the auditor independence material (section 290) from the Code and establish it within separate ethical standards for auditors. We believe this would be the best means of moving towards greater international harmonisation in this area. We are not opposed to work being undertaken on the specific auditor independence areas identified by IESBA, however, we believe that strategically there is a need to accept that this area requires its own separate standards to be introduced. We also believe that the creation of standards would also help with respect to enforcement.</p> <p>We also note the difficulties that regulators and others have in relation to the acceptance of the “threats and safeguards” approach. We believe this is similar in nature to the audit expectations gap. IESBA, and indeed, the profession as a whole, must better communicate the advantages of this approach. Again, this is likely to require practical illustrations of this framework being used in a manner which best serves the public interest rather than being seen as a theoretical conceptual framework that is difficult for non-practitioners to understand.</p> <p>We also note that the consultation document consistently refers to “standards” – we would use that as evidence that this is what is required in relation to auditor independence.</p> <p>Personal responsibility is also a key issue – there is a strong argument for ensuring that this message is appropriately conveyed by IESBA. In relation to audit firms this makes a strong case for the identification of individuals within audit firms who are tasked with the responsibility of matters of an ethical nature i.e. ethics partners.</p> <p>Review of Part C</p> <p>We are supportive of a review of Part C of the Code but we would urge that changes to the Code should only be proposed if there is clear evidential need for such changes. We are concerned</p>	<p>with relevant project TFs. The Board has discussed the importance of communicating clearly about the robustness of the Code in its outreach activities.</p>

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>about the approach taken with regard to collective investment vehicles which we believe could lead towards a more rules-based approach.</p> <p>Structure of the Code</p> <p>We are supportive of IESBA's reconsideration of the structure of the Code with a view to enhancing the Code's usability and agree that this should be a high priority project. We believe that this process could be accelerated if a decision was made to remove the auditor independence requirements from the Code.</p>	
18.	IDW	<p>Long Association</p> <p>From the perspective of the German profession, and in view of recent developments in the European Union concerning Audit Policy, particularly with regard to auditor association, we do not view this project as deserving IESBA resources in the immediate future. In our opinion other priorities should be given precedence, in particular the structure of the Code (see below), and this project either reduced or swiftly concluded.</p> <p>Non-Assurance Services</p> <p>In our view, the activities assigned to this work stream in Appendix 2 indicate that this project should run concurrently if not as part of the project "Structure of the Code".</p> <p>Review of Part C</p> <p>Our members do not include professional accountants in business and will thus not be directly affected by work on the review of Part C, as German public auditors do not work as accountants in business. Whilst not necessarily the case in Germany, the public often has a perception of a single accountancy profession and we therefore appreciate that there is a need for the Board to more comprehensively address the particular ethical issues professional accountants in business may face in their roles in business.</p>	Comments noted. Respondents overall have expressed support for these projects.
19.	IDW	<p>Structure of the Code</p> <p>From the perspective of the German profession, we believe the project "Structure of the Code" remains the most pressing of these work streams.</p> <p>In our opinion, a thorough restructuring of the Code will be essential in pursuing the Board's first two strategic themes. We therefore welcome the clarification in paragraphs 29 and 30 of the</p>	Support noted and comments shared with Structure TF.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>Consultation of the priority currently accorded with the "Structure of the Code" project. However, paragraph 13 implies that the Board itself views taking the necessary steps to rectify structural deficiencies as an achievement "in the longer term"; various statements in paragraphs 30, 34, 40 and 41 indicate that the Board may alter this prioritization. In our view, restructuring of the Code – which should also be used as an opportunity to clarify application issues, thus also easing problems associated with enforceability – is an essential project and should remain as a firm immediate priority, notwithstanding the potential for it to be resource intensive. In this context, we are not convinced that staff papers, which do not carry the same authority as Board pronouncements, are an appropriate way to address implementation issues (paragraph 48). Indeed, fewer implementation issues ought to arise once the Code has been successfully restructured.</p> <p>In particular, the current way in which sections 290 and 291 of the Code outline certain threats and safeguards to independence – which is a subset of the principle of objectivity, but not a fundamental principle in its own right – is one area we believe should be changed when the Code is restructured. In addition to professional accountants in public practice, various parties in many jurisdictions worldwide have a legal duty to assess an individual practitioner's independence, (e.g., audit committees in fulfilling their auditor selection obligations, oversight authorities in performing inspections and investigations). Therefore a consistent, unequivocal and readily understandable format is needed. In our view, it would be appropriate for the IESBA to promulgate ethical Standards on practitioner independence setting forth requirements and guidance on independence. Such Standards would form an integral part of the Code in a manner which demonstrates the link to the fundamental principle of objectivity.</p>	
20.	IRBA	<p>We support the work streams, however, are not directly interested in the Review of Part C of the Code, as indicated above.</p> <p>Regard should be had to developments globally, including the proposed audit reform initiatives in Europe (EU), to ensure as far as possible consistency between jurisdictions, given the global nature of the auditing profession and large global audit clients in the following two proposed work streams:</p> <ul style="list-style-type: none"> • A review of the provisions in the Code that deal with long association of senior personnel (including partner rotation) with an audit client (Long Association); 	Support noted. See also Section B of April 2014 Board issues paper re following EU audit reform regulatory developments.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<ul style="list-style-type: none"> A review of the non-assurance services provisions in the Code to ensure that they continue to support a rigorous approach to independence for assurance services (Non-Assurance Services); and The provisions on fee dependency and related to that the threat to independence of auditors where long overdue fees remain unpaid by audit clients. 	
21.	IRBA	<p>In addition, we believe the following issue should be included in the strategy and work streams of the IESBA:</p> <p>Ethical considerations for joint auditors acting together on an audit engagement in the absence of specific guidance in the ISAs on requirements where joint audits are performed.</p>	See Section F of April 2014 Board issues paper
22.	ISCA	<p>a) Long Association</p> <p>The independent auditor plays an important role in providing the principal external check on the integrity of financial statements. Long association of senior audit engagement personnel with audit clients can adversely impact actual or perceived objectivity, and professional skepticism. It is timely that the Board reviews the existing requirements in light of changing expectations of stakeholders, including regulators. For example, concerns have been raised that the 2-year cooling off period on key audit partners of audit clients that are PIEs is inadequate. It allows an individual to serve an audit client in a key audit partner role for a total of 14 years over a 16-year period.</p> <p>We also observed greater scrutiny by regulators on familiarity risks. For instance, the United Kingdom has recently introduced new corporate governance code on audit firm rotation and re-tendering. The European Union is currently deliberating proposals to introduce mandatory firm rotation and audit re-tendering rules. Indeed, given the increased scrutiny of “Long Association” between senior audit personnel and their clients by public bodies and regulators around the world, the “Long Association” work stream comes across as a timely addition into the SWP. The Board must show leadership as the international standards setter by re-examining the robustness of the current safeguards as a credible and effective alternative. We hope, however, that the Board will adopt a balanced approach as it deliberates this topic. Familiarity poses a risk, but at the same time, an auditor must gain adequate familiarity of an audit client (e.g. business, risk areas, etc.) to ensure a quality audit.</p>	Support noted and comments shared with relevant project TFs.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>Based on the above, we support the “Long Association” work stream in the SWP.</p> <p>b) Non-Assurance Services (“NAS”)</p> <p>Similar to familiarity risks, there has been significant focus on the provision of NAS by auditors to audit clients. The Board needs to be responsive and we support the inclusion of NAS in the SWP.</p> <p>c) Review of Part C of the Code</p> <p>There has been a perceived lack of appropriate attention being placed on enhancing guidance in Part C to address topical issues faced by professional accountants in business (PAIBs). For example, PAIBs may sometimes face undue pressure from their superiors to engage in unethical or illegal acts. The Board needs to be proactive in identifying areas where there is greater need for good guidance, and to provide such guidance. After all, PAIBs form a significant portion of our profession. Thus, the project to review Part C to ensure that its provisions remain appropriate and robust is timely.</p> <p>d) Structure of the Code</p> <p>It has been noted by IESBA that the current structure and drafting convention of the Code have been an impediment to more rapid and wider adoption of the Code and more effective implementation around the world. On this basis, the work stream to structure and write the Code in a way that will be easier to understand and adopt to facilitate convergence of international and national ethics standards is appropriate.</p> <p>Given these considerations, we support this work stream.</p>	
23.	JICPA	<p>We support all of the work streams proposed. We believe that they are important issues to be addressed given the current discussion surrounding audit.</p> <p>Of the four work streams, we believe that Long Association and Non-Assurance Services should be followed rigorously by the IESBA to ensure that expectations from stakeholders are met in terms of audit quality. Specifically, the IESBA should carefully consider how these work streams relate to global trends of enhancing audit quality, particularly in regards to mandatory audit firm rotation and provision of non-assurance services to audit clients.</p> <p>With regard to the Structure of the Code, we believe that the IESBA should ensure that the Code is written in plain English, so that the requirements set forth and information presented in the</p>	Support noted and comments shared with relevant project TFs.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		Code are clearly and accurately understood by the member bodies which will undertake translation of the Code.	
24.	JICPA	For the convergence of the Code of Ethics, we believe that it would be useful for the IESBA and its task force to consider a framework that enables the development of principle-based standards, in order to allow each jurisdiction to take account of its diverse cultural background when it is incorporating the Code.	See Section B of April 2014 Board issues paper re vision and framework for setting standards.
25.	KICPA	As we understand, the IESBA has decided to add four new work streams to its current work plan taking into account the context where legislations on auditor independence are at the top of the agenda in major jurisdictions including the European Union and the United States. The legislations aimed at strengthening the independence requirements for auditors include mandatory firm rotation and stricter restriction on non-audit services. We are with the IESBA's decision to add four work streams in 2012 considering the importance of facilitating the convergence of international and national ethical standards.	Support noted.
26.	KPMG	We believe it is important to for the Code to have a structure that is understandable and more user friendly. We are supportive of the structure of the Code project and suggest it be prioritized ahead of the other three work streams.	Support noted.
27.	KPMG	In terms of the other three work streams, we strongly believe that the Board should add projects to its agenda only after it has performed a detailed needs assessment to establish the necessity for change in standards. We are unaware of a detailed needs assessment in these areas. We therefore recommend that this be undertaken as part of the background work being carried out in relation to these work streams to determine whether and how best to proceed with these work streams. For example, a needs assessment may indicate that additional guidance, provided outside of the Code itself, may provide a solution to some of the perceived issues.	See Section B of April 2014 Board issues paper re needs assessment.
28.	Mazars	As mentioned above, achieving consistency across our international practices is an everyday challenge for our organization. From this point of view, it is positive that the first 2 work streams, Long Association and Non- Assurance Services were included in the IESBA work plan in response to the EU and PCAOB proposed significant changes to auditor independence requirements. As such, we support these 2 work streams while highlighting the importance of ensuring that convergence with the pronouncements of the major regulators (EU, PCAOB) is	Support noted and comments shared with relevant project TFs.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>achieved.</p> <p>We support the Review of Part C of the Code relating to Professional Accountants in Business a category into which our clients fall.</p> <p>We support the improvement of the structure and the format of the code as a key initiative particularly if this will lead to greater acceptance of the code internationally and more effective implementation. However, we believe that its implementation will raise some challenges in terms of dealing with the interpretations linked to understanding the English language and the location where it's applied. As with the first two work streams, the number of changes brought over time to the Code should be kept to a minimum.</p>	
29.	NAO	<p>We support the four key work streams added to the IESBA work program in 2012. From a public audit perspective, threats arising from long association are mitigated through the implementation of appropriate safeguards such as rotation of key engagement staff. However, we remain mindful that while key client staff and key engagement staff do rotate, there is always the chance that through there being a relatively small number of public sector entities, those staff may still find themselves working alongside one another but with different clients.</p>	Support noted and comments shared with the Long Association TF.
30.	NBA	<p>1. Long association</p> <p>Part of the adjustments made in the Dutch independence rules were related to long association. We therefore support the review of the provisions in the Code that deal with long association of senior personnel with an audit client. The review carried out in the Netherlands resulted in:</p> <ul style="list-style-type: none"> • No distinction between audit and review engagements or other assurance engagements; • All services provided by the senior employee must be taken into consideration; • If the auditor should conclude that after an involvement of seven years there is no threat related to long association this conclusion must be motivated, approved and documented; • For the audit of the financial statements of a Public Interest Entity, mandatory rotation of the audit firm after 8 years. <p>Furthermore, in December 2013 the European Parliament reached an agreement with its member states on the reform of the audit sector. Part of this agreement is mandatory rotation of audit firms. Audit firms will be required to rotate after an engagement period of 10 years. After maximum 10 years, the period can be extended by up to 10 additional years if tenders are</p>	Support noted and comments shared with relevant project TFs.

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>carried out, and up to 14 additional years in case of joint audit, i.e. if the company that is being audited appoints more than one audit firm to carry out its audit. A calibrated transitional period taking into account the duration of the audit engagement is foreseen to avoid a cliff effect following the entry into force of the new rules.</p> <p>We strongly recommend IESBA to take the above mentioned issues in consideration during their review of this topic.</p> <p>2. Non-assurance services</p> <p>We support the work stream related to the non-assurance services provisions. In the Netherlands the independence rules were adjusted in relation to the non-assurance services. Most important adjustments were:</p> <ul style="list-style-type: none"> • Non-assurance services are prohibited if the audit firm also performs the audit of the financial statements for a Public Interest Entity; • There is no distinction made between audit or review engagements and other assurance engagements. <p>Furthermore, the Dutch independence rules no longer present detailed articles for selected types of non-assurance services. The rules constitute a framework which can be used for all types of non-assurance services, thus providing consistency on this topic and enabling to respond to new types of non-assurance services.</p> <p>3. Review of part C of the Code</p> <p>During our reassessment of the ethics requirements in the Netherlands, we came to the conclusion that the distinction in the Code in sections A, B and C was not desirable. The fundamental principles should be identical for all accountants. Furthermore, requirements mentioned in section C can also be applied to accountants in public practice. We therefore removed sections B and C and made one section applicable for all accountants. We advise the Board to combine her review together with the review of the structure of the Code, resulting in one Code for all accountants.</p> <p>4. The structure of the Code</p> <p>We feel that a reconsideration of the structure is not sufficient. Efforts should be aimed to change the structure as soon as possible. During the NSS-meetings, it has been mentioned numerous</p>	

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>times that the current structure is a limiting factor for international adoption of the Code. In the Netherlands the current structure of the Code made that the Code could not be implemented by law.</p> <p>In paragraph 2.2 of this letter we will disclose how the ethical and independence guidelines are currently structured in the Netherlands.</p>	
31.	NZAuASB	<p>The NZAuASB is particularly interested in and strongly supportive of the three work streams that impact on assurance engagements, and in particular in the finalization of the provisions dealing with suspected illegal acts, the projects on long association of senior personnel, and the restructuring of the Code. These projects also align with the projects the IAASB have undertaken or is currently undertaking.</p> <p>The NZAuASB would encourage IESBA to explore ways to restructure the Code so that the Code could be separated between accountants in public practice and those in business in the project to restructure the Code.</p> <p>The Review of Part C work stream is not applicable to the work of the NZAuASB as it is not within the NZAuASB's mandate, which only covers assurance engagements.</p>	Ditto.
32.	PAIBC	<p>Yes. Particular attention should be given to rebalancing the Code to ensure that relevant issues pertaining to professional accountants in business are addressed, and to demonstrate parity across various groups of professional accountants, with particular reference to Part C of the Code—Professional Accountants in Business.</p> <p>With respect to the revision of Part C, the PAIB Committee generally feels that especially section 320 should also be relevant for professional accountants in business involved in operational performance reviews, decision-support analysis, and budgeting and forecasting, as well as those in internal audit. Section 320 should provide guidance to professional accountants in business enabling them to consider situations where they could be confronted with pressure to mislead and how to respond.</p> <p>Through the participation of PAIB Committee member Ian Rushby in the IESBA Task Force on Review of Part C of the Code, and supported by IFAC staff, the PAIB Committee is happy to continue providing direct support to the task force and input into the IESBA revision of part C of the Code.</p>	Support and comments noted.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
33.	SAICA	Yes, we do support the four works streams.	Support noted.
34.	WPK	<p>WPK is highly supportive of the Restructuring of the CoE. As already discussed on the occasion of the NSS meetings in 2012 and 2013, we are of the opinion that the current structure and the drafting convention of the CoE is a significant impediment to the adoption of the CoE and its more effective implementation around the world. Hence, we highly appreciate IESBA's efforts dedicated to this project and would like to urge the Board to pursue it with high priority. An important aspect of the restructuring process to bear in mind is that amendments to the CoE could, even if they were only intended to clarify an issue or to provide guidance, run the risk of changing its content (unintentionally).</p> <p>With respect to the Review of Part C, we would like to refrain from any comments since, as you know, German law does not allow for professional accountants in business.</p>	Support noted.
35.	WPK	<p>As regards the projects Long Association and Non-Assurance Services, we do have some reservations already expressed in part in connection with the NSS-meeting this year. WPK highly appreciates the further development of the CoE and the corresponding efforts and work of the IESBA over the past years. However, in the light of the demands on the member organizations in terms of implementation and regulation (including translation) resulting from amendments to the CoE, further amendments should be carefully considered. Consequently, the burden of possible changes to the CoE for the various stakeholders should also be part of the considerations guiding the determination of potential actions, priorities and timing. Although this aspect seems not to be included as a key factor (para. 23 CP) in the CP, we assume that the Board is well aware of the burden matter since the CP points out this issue in another context (para. 11 CP) and it has also been discussed during several IESBA meetings.</p> <p>Nevertheless, further to the projects Non-Assurance Services and Long Association, there is, in our view, no evidence that the CoE provisions would not be sufficient to ensure conscientious and independent audits. For SMPs, tightening the internal rotation might de facto lead also to an external rotation resulting in further competitive disadvantages. As regards the Non-Assurance project, we gained the impression during the last IESBA meeting that partially only a clarification of the Non-Assurance provisions might be intended and pursued, respectively. Such a clarification project would be helpful, basically. However, to the extent that such a clarification is considered useful, this could possibly also occur in the form of a special guidance paper.</p>	See Section B of April 2014 Board issues paper re frequency of changes and needs assessment.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		Besides, we would like to raise the Board's awareness of the tension between adhering to the recently finalized EU requirements concerning non-assurance services, which you certainly have taken notice of, on the one hand and complying with the requirements of IFAC in general and the CoE in particular on the other hand. WPK and also other European member bodies of IFAC would reach their limits if they suggested requirements beyond those prescribed by the EU. We are aware of the fact that IFAC is a global organization and issues standards that are binding on its member bodies worldwide. However, we believe that convergence of IFAC ethical standards with (significant) EU developments and EU value-based decisions should be aspired and pursued basically.	
Q2. Are the strategic themes identified for the period 2014-2018 appropriate? If not, please explain why.			
1.	ACCA	<p>ACCA considers the strategic themes identified to be appropriate, and that they complement each other. Promoting and achieving ethical behavior is paramount, but increased engagement is a crucial part of that, and the ultimate objective is supported by having a high-quality Code, which has enduring relevance, but is able to evolve in a changing environment.</p> <p>We applaud the clearer focus on professional accountants in business, and recognition of the particular perspectives of the SMP/SME constituency. This extends beyond the area of standard-setting, to include accessibility of the Code, and making it relevant to all those to whom we look for effective implementation. In this context, we also support the proportionate approach stated – that 'the Board will be sensitive to balancing the burden of change to the Code and the likely benefit to the public interest of pursuing such change'.</p> <p>Adoption of the Code and its effective implementation are two very different objectives. The former is measured by the actions of standard-setters; the latter by the actions of professional accountants. We urge caution with regard to the intention to '[base] standard-setting activities on appropriate research and evidence of issues to be addressed'. When attending to specific issues, IESBA should be aware of the danger of reacting to such evidence at a cost to the broader principles.</p>	Support noted. See also Section B of April 2014 Board issues paper re needs assessment.
2.	AICPA	We believe the four strategic themes set forth in paragraph no. 6 of the Proposed Strategy and Work Plan are appropriate. However, while we agree that the IESBA should monitor and "understand the ethical implications of any regulatory developments" as part of its strategic	Support and comments noted.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>theme, Evolving the Code for Continued Relevance in a Changing Global Environment, we ask that the Board be mindful that the rules a regulator may believe are appropriate in their jurisdiction may not be appropriate in a principles-based Code that must remain relevant for all professional accountants around the world.</p> <p>Accordingly, we recommend that the Board not place undue emphasis on the rules (or proposed rules) of regulators but rather consider all its stakeholders as well as the impact any of the Board's proposed rules may have on professional accountants from small and medium-sized practices and those who provide assurance and other services to non-public interest entities.</p>	
3.	APESB	<p>APESB agrees with IESBA's four strategic themes identified for the period 2014-2018. These strategic themes are broadly consistent with APESB's own strategic themes in Australia for the strategic period 2013 - 2015. We are particularly supportive of IESBA's efforts in respect of promoting and facilitating global adoption and effective implementation of the Code and increasing engagement with key stakeholders. In this regard we encourage IESBA to continue your outreach and engagement activities with SMP practitioners and developing nations to drive the global acceptance and effective implementation of the Code.</p>	Support noted. See also Section B of April 2014 Board issues paper re adoption and implementation.
4.	CGA Canada	<p>The strategic themes of maintaining a high-quality Code of Ethics for application by professional accountants globally; promoting and facilitating the adoption and effective implementation of the Code; evolving the Code for continued relevance in a changing global environment; and increasing engagement and cooperation with key stakeholders are appropriate.</p> <p>To provide further context to our support of these themes, we believe that the IESBA should continue to focus on development of ethical standards for professional accountants in public practice, particularly independence standards for audits of financial statements, in so far as the focus of these new standards relate to listed entities, particularly in support of audit quality. Additionally, while support in this area remains suitable, it should not be at the expense of addressing issues that are concentrated on professional accountants in business.</p>	Support and comments noted.
5.	CIMA	<p>We note the four proposed areas of strategic focus which will form the overarching objectives for the period, but are glad to see that the need to retain some flexibility has been acknowledged in order that the Board might respond to any emerging external issues should it need to do so. The high level themes are, in our view, relevant and appropriate although we trust that there will be</p>	Support noted. See also Sections B and E of April 2014 Board issues paper re needs assessment and CIVs.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>sufficient resources at the Board's disposal to ensure the desired outcomes can be delivered within timeframe.</p> <ul style="list-style-type: none"> Maintaining a High Quality Code of Ethics for Application by PAs globally <p>An ethical code is at the very core of being a professional, and is vital in ensuring the public trust and credibility of PAs. It should also work to reinforce the relevance and portability of their skills and to that end, the code needs to reflect more of the issues faced by PAs who work outside the public practice arena. We acknowledge that the current imbalance of the code is currently being addressed by one of the Board's work streams introduced in 2012.</p> <ul style="list-style-type: none"> Promoting and Facilitating the Adoption and Effective Implementation of the Code <p>We endorse the view that adoption and effective implementation of the code globally is a key factor in embedding ethical standards and enhancing confidence, but are not surprised that the pace of adoption is fragmented. The high level principles and conceptual framework approach lends itself to relative ease of interpretation and application; however, to achieve the extent of adoption envisaged, the code will need to resonate across an even wider range of cultures and contexts to address the needs of the whole of the global PA community in all its diversity.</p> <ul style="list-style-type: none"> Evolving the Code for Continued Relevance in a Changing Global Environment <p>To ensure this is achieved will require a considerable degree of flexibility and agility and we support the view that the code should continue to equip PAs to address ethical dilemmas across the increasingly wide range of professional activities that they are involved in. We were, however, disappointed to note that in qualifying the impact on the code of the changing global environment, the intention is to focus primarily on regulatory developments that impact on the nature and extent of services provided by audit firms to audit clients, and on guidance in relation to collective investment vehicles (CIVs).</p> <p>We are unsure how the latter -in particular- assists the intent to facilitate wider adoption of the code set out in the previous strategic theme, and consider it could add an unnecessary degree of granularity to the code itself. Instead, perhaps consideration could be given to addressing the more esoteric areas of practice via separate tailored guidance.</p> <ul style="list-style-type: none"> Increasing Engagement and Cooperation with Key Stakeholders <p>CIMA welcomes the value that IFAC attributes to involvement of its key stakeholders in its</p>	

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		standard setting activities, and supports an evidenced based approach to that work. We would, however, urge IFAC not to overlook the end needs of the many tens of thousands of individual PAs to whom the code applies, and to ensure that key stakeholders are identified and involved in emerging as well as mature financial markets.	
6.	CNCC	<p>(i) Maintaining a high quality of the Code</p> <p>The CNCC and OEC believe that the Code is of a high quality and considers that having a stabilized platform should be a priority for a reasonable period of time.</p> <p>(ii) Promoting and facilitating the adoption and effective implementation of the code</p> <p>As mentioned above, we strongly believes that recognition and implementation of the IESBA Code of Ethics for professional accountants by a wide range of jurisdictions is now of prime importance. Therefore, the CNCC and OEC believe that it is fundamental for IESBA to conduct thought leadership on the reasons why the convergence process is so slow and how the goal of adoption and implementation of the same ethical rule set between different jurisdictions can be achieved.</p> <p>The IESBA is an international ethical standard-setter and should play an active role in the effective implementation of the Code. IESBA should make decisions on the solutions that should be proposed. The CNCC and OEC believe that it could be achieve through:</p> <p>The selection of the crucial issues such as independence of auditors and launch serious discussions with the appropriate level of regulators. The definition of priorities by listing the most important requirements in the Code (PART B/ PART C) that should be adopted everywhere first and their scope (international entities/ listed entities/ PIEs/ any entities) and providing application materials on those requirements. Ensuring a better stability of the board (length of service of the Board members) Settling more efficient procedures (more meetings/ better timing/ presence of the regulators)</p> <p>In consideration of decision that have been taken by EU relative to the statutory audit, French bodies believes that IESBA should launch a political action towards the various public authorities in the EU and thus to enter in serious discussions with European regulators.</p> <p>(iii) Evolving the Code for continued relevance in a changing global environment;</p> <p><i>Collective Investment Vehicles</i></p>	Generally supportive comments. See also Sections B and E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>The CNCC considers that exploring the topic of CIVs as a new work stream in the strategy period, should not be a priority.</p> <p><i>Fee dependency</i></p> <p>CNCC considers that initiating a new work stream on fee dependency should not be a priority.</p> <p>(iv) Increasing engagement and cooperation with key stakeholders</p> <p><i>Emerging issues initiatives and increasing engagement and cooperation with key stakeholders</i></p> <p>The first step to implement a monitoring program could be the implementation of stored in a Q&A tool shared with the take holders. Regular communications between the board and member bodies on the key issues they face. Then main questions could be stored in a Q&A tool shared with the take holders.</p>	
7.	CPA Australia	Broadly, CPA Australia considers the themes identified appropriate, subject to our earlier comments, particularly in relation to industry/sector/vehicle specific standards. This approach, as mentioned, appears inconsistent with the Boards' belief on a principles based Code and may evolve in a manner that further distances it from the principles/framework approach it espouses.	Support and comments noted.
8.	CPA Canada	We also generally support the strategic themes that have been identified for 2014-18.	Support noted.
9.	Denise Juvenal	I think that these strategic themes identified for the period 2014-2018 are appropriate.	Support noted.
10.	DTT	<p>We support the four strategic themes identified for the period 2014-2018 as the Board's proposed areas of strategic focus, subject to the comments made above. We also support that the Board undertake, and communicate, all evaluations of work streams, actions and priorities in accordance with the overarching objectives established by those strategic themes.</p> <p>With respect to increasing Engagement and Cooperation with Key Stakeholders, we suggest that the Board specifically include legislators in its key stakeholders and focus on increasing engagement with this group. As developments in the European Union have shown, it is increasingly likely for ethical and independence requirements to be legislated without the involvement of regulators.</p> <p>The proliferation of a wide variety of different national and regional standards that diverge from</p>	Support noted. See also Section B of April 2014 Board issues paper re adoption and implementation.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		one set of high quality global standards is not in the public interest. Therefore, we believe the IESBA, the Public Interest Oversight Board and the Monitoring Group should expend significant time and resources to try to mitigate further developments such as those by the European Commission, which result in enormous confusion for investors, unnecessary time wasted by companies, their audit committees and their audit firms, and do not serve the public interest.	
11.	EY	<p>We agree with the strategic themes identified for the period 2014-2018, but would like to emphasize the relative importance we see in efforts to increase engagement and cooperation with key stakeholders particularly from regulatory and national standard setting communities and in promoting and facilitating the adoption and effective implementation of the Code, which we see as linked. We believe a strong focus should be directed at promoting the Code and raising awareness of its robustness amongst stakeholders, mainly the national and regional regulatory and auditor oversight bodies as well as understanding their intentions to adopt the Code without substantial changes. The global regulatory environment continues to be highly dynamic and we find many of the same issues under debate in different countries. As a result, there is a heightened risk of regulatory inconsistency on independence matters, and mitigating such risk should be considered of the highest priority in the SWP of the Board.</p> <p>To mitigate such risk, we suggest the Board engage regulators in a dialogue on their expectations and requirements and then refine the SWP to achieve the shared goals defined together with regulators. We also believe the Board should continue to engage with regulators and other key stakeholders on issues around the usability and ease of application of Code to help inform the project on Structure of the Code. We also urge the Board to continue close coordination with the IAASB which will aid effective alignment of the Code with the ISAs.</p>	Support noted. See also Section B of April 2014 Board issues paper re adoption and implementation.
12.	EY	We would also like to reiterate a point we raised in our response to the 2010-2012 SWP. We believe that the IESBA should also consider providing a more formal process by which member bodies can consult with the IESBA on practical issues and matters of interpretation that they may be encountering during adoption and implementation. This would help ensure that the Code is properly understood and interpreted by member bodies and would facilitate consistent implementation of the IESBA Code across different jurisdictions.	See Section B of April 2014 Board issues paper re adoption and implementation.
13.	FAR	<i>Maintaining a High-Quality Code of Ethics for Application by PAs Globally</i>	Support and comments noted.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>Maintaining a high-quality Code of Ethics for all PAs should always be one of IESBA's foremost goals. FAR has no further comment on this strategic theme.</p> <p><i>Promoting and facilitating the adoption and effective implementation of the Code</i></p> <p>FAR considers that promoting and facilitating the adoption and effective implementation of the Code is an important strategic theme for the coming years. It is in line with the work stream Structure of the Code since an overall revision to make the Code shorter and more focused on the fundamental principles would promote and facilitate its adoption and implementation.</p> <p><i>Evolving the Code for continued relevance in a changing global environment</i></p> <p>Evolving the Code for continued relevance in a changing global environment is also important for promoting and facilitating the adoption and effective implementation of the Code. However, in FAR's opinion the Code is already overly long and detailed. Focus should be on establishing the fundamental principles and the conceptual framework approach to applying them as an integral part of all PAs professional activity.</p> <p><i>Increasing engagement and cooperation with key stakeholders</i></p> <p>FAR supports increasing engagement and cooperation with key stakeholders as a strategic theme.</p>	
14.	FEE	<p>FEE has the following comments on these strategic themes:</p> <p>(i) Maintaining a high-quality Code of Ethics for application by Professional Accountants globally</p> <p>FEE commends the increased focus by IESBA on the accounting profession as a whole, instead of mostly on professional accountants in public practice. Professional Accountants in Business and those working in SMP and SME environments are a very important part of the profession, with different needs that are strategic for the IESBA to address.</p> <p>In this regard, we would like to refer to the importance for the IESBA to branch out beyond independence standards and deal with broader issues of ethical behaviour for all accountants, as set out in Paragraph 1.3 above.</p> <p>(ii) Promoting and facilitating the adoption and effective implementation of the Code</p> <p>FEE is generally supportive of the proposal for IESBA to continue promoting and facilitating the</p>	<p>General expressions of support noted. See also Sections B and E of April 2014 Board issues paper re frequent changes to the Code, adoption and implementation, and prioritizations.</p>

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>adoption and effective implementation of the Code. In this respect, we believe that especially legislators and regulators are to be approached as they have become the primary standard setters for ethics and independence. We understand that outreach to stakeholders is needed on regulatory concerns about the enforceability of a principle-based Code as set out in Paragraph 14 of the SWP, but we also think that, as stated in our general comment above, an improved structure of the Code is needed to convince these stakeholders.</p> <p>FEE is among the stakeholders mentioned in section 13 of the SWP which find that the current structure and drafting conventions of the Code have been an impediment to its more rapid and wider adoption and its more effective international implementation.</p> <p>FEE has set out its recommendations in this regard in more detail in its letter to Mr Holmquist of 2 October 2013 (see the Appendix to this letter). On this occasion we would like to once again stress the urgency for the IESBA to work towards a Code that is structured and written in a way that will be easier to understand and adopt.</p> <p>FEE also wholeheartedly agrees with the stakeholders encouraging the IESBA to focus less on issuing new standards and more on outreach to promote the revised Code and raise awareness of its robustness among stakeholders as set out in paragraph 14 of the SWP. FEE believes there continues to be a need for a pause in ethics and independence standard setting to allow member bodies and firms an appropriate period of time to implement the Code (see 1.1 above).</p> <p>Even though the European Union (EU) has not opted for the use of the Code, or parts thereof such as its independence section, in its compromise on Audit Reform , the Code, or parts thereof, continues to be extremely relevant in the EU, especially for auditors of entities other than public interest entities (PIEs). For auditors of PIEs, where the requirements on for instance the prohibitions of non-audit services leave room to EU Member States (through the use of options), the Code, or parts thereof, could be promoted as leading guidance in implementing these options.</p> <p>In respect of adoption and implementation, FEE Member Bodies would very much welcome more educational material from the IESBA, like for instance the International Auditing and Assurance Standards Board (IAASB) launched upon finalisation of the Clarity Project to revise and redraft its International Standards on Auditing (ISAs).</p> <p>(iii) Evolving the Code for continued relevance in a changing global environment</p>	

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>As stated before, FEE finds it more important for the IESBA to focus on making the Code more understandable and accessible to the expanding audience for whom ethical behaviour of accountants is relevant than to keep amending the Code to deal with the changing global environment. The factors that can impact the Code, namely regulatory developments and globalisation of capital markets, are very vague and can amount to any kind of amendments which would defer the attention from more pressing adoption and implementation issues. An example of this would be the increasing complexity and opacity in the field of collective investment vehicles (CIVs) as stated in paragraph 15 b of the SWP, an area which in fact only affects a small minority of professional accountants.</p> <p>(iv) Increasing engagement and cooperation with key stakeholders</p> <p>FEE is very supportive of the growing focus of the IESBA on stakeholder outreach (see above under ii) of Section 2.2). FEE therefore applauds the IESBA for its efforts regarding outreach in recent years. FEE is keen on encouraging any effort leading to more visibility and future oriented actions of the IESBA. Other than engaging stakeholders in the standard setting process, see paragraph 17-19 of the SWP, we also highly encourage more stakeholder involvement regarding adoption and implementation activities.</p>	
15.	IAA	We understand that the strategic issues identified for the period 2014-2018 and the established work schedule are appropriate.	Support noted.
16.	ICAEW	Subject to the general points made in paragraph 3 (see section A) above, we support the general direction in which the stated strategic themes seek to point IESBA over the next five years.	Ditto.
17.	ICAS	<p>We believe that the strategic themes identified for the period 2014–2018 are appropriate. However, we have included below specific comments for the Board's consideration in relation to each of these themes.</p> <p>(i) Maintaining a high-quality Code of Ethics for application by PAs globally</p> <p>In relation to (i), we would however emphasize that the key area of interest for certain stakeholders, particularly regulators, is “auditor independence”. We are of the view that the best way forward for IESBA in this respect would be to remove the auditor independence requirements (section 290) from the Code and to establish separate ethical standards for auditors. Such a move, we believe, would help further establish the credibility of IESBA and</p>	Support noted. See also Sections B and E of April 2014 Board issues paper re frequent changes to the Code, adoption and implementation, needs assessment, and prioritizations.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>provide a better platform for engaging with stakeholders. It would also help facilitate a better restructuring of the remainder of the Code.</p> <p>(ii) Promoting and facilitating the adoption and effective implementation of the Code</p> <p>In relation to (ii) we believe there is a need to better illustrate the principles of the Code in action by providing real-life examples, via case studies, to illustrate some of the key concepts of the Code in practice. We also note in Paragraph 13 that the Board recognizes that the “adoption of the 2009 Code is uneven around the world.” A Code of Ethics is a difficult subject with which to engage people. We would suggest that going down the present “dry” route is not the best way to educate people about the Code. It would be better to focus on particular sections of the Code, and illustrate those sections with real-life scenarios, which professional accountants and others could relate to more readily.</p> <p>(iii) Evolving the Code for continued relevance in a changing global environment</p> <p>In relation to (iii) there is a need to ensure that the focus of the Board is on key issues to avoid the need to revise the Code on a frequent basis. This is why we fully support the content of paragraph 51 in this respect:</p> <p>“A prerequisite to any consideration of a project in this area will be appropriate research to fully understand the issues. Accordingly, the Board will proceed cautiously before determining whether changes to the Code would be necessary.”</p> <p>We welcome the Board’s acknowledgment of the importance of evidence-based standard setting and that the Board foresees the nurturing and strengthening of its relationship with the academic community in the medium to longer-term. However, we believe this should be a shorter-term goal to ensure that evidence is available to support any changes which are proposed to the Code. This would also help to ensure that the potential costs and benefits of any proposed changes to the Code are properly assessed. ICAS would also be happy to consider collaborating with IESBA on research in the field of ethics for professional accountants.</p> <p>We are very supportive of a principles based Code and are concerned that merely reacting to topical issues such as “collective investment vehicles” will merely result in a longer more rules-based code which professional accountants will be less inclined to refer to. The fundamental principles should be capable of being applied in all circumstances. How these principles should be applied in particular instances might be better served out with the Code in a series of case</p>	

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>studies.</p> <p>(iv) Increasing engagement and cooperation with key stakeholders</p> <p>In relation to (iv) we note the Board's aim to have greater engagement and cooperation with key stakeholders as being a long-term strategic goal. Whilst fully supportive of the substance of this objective we believe that this should be very much a short-term strategic goal. If IESBA does not manage to properly engage with stakeholders then it has little hope of seeing greater acceptance of its standards.</p> <p>Additionally, in the context of auditor independence, we note that there is no mention of seeking to engage with groups of investors as opposed to regulatory and standard setting bodies. We believe that the creation of separate ethics standards for auditors would help provide a focal point for IESBA and allow greater engagement with investors. Ultimately, for the audit of public interest entities, shareholders (investors) are the primary beneficiary of the auditor's report. We therefore believe that it is essential that they are engaged in this area. The evidence in the EU Audit Policy debate is that investors do have strong views of certain matters related to "auditor independence" and we would encourage IESBA to undertake greater engagement with this key stakeholder group.</p>	
18.	IDW	<p>We broadly agree with the four strategic themes for 2014-2018 the Board has identified in the Consultation, and comment on them in turn below.</p> <p>We would, however, like to suggest the IESBA clarify how cost : benefit considerations will also be featured both in its strategic themes and work plan. The list of key factors identified in Paragraph 23 of the Consultation only refers to potential benefits to the public interest of undertaking the particular action.</p> <p><i>Maintaining a high-quality Code of Ethics for application by Professional Accountants globally</i></p> <p>As stated above, we support a high-quality Code of Ethics for global application. We also agree that the Code needs to deal with all professional accountants whether in public practice of whatever size, employed in industry, or working in any other professional capacity.</p> <p>We appreciate the clarification in paragraph 9 of the Consultation that the development of robust ethical standards for professional accountants in public practice, particularly independence standards for audits of financial statements will continue to be a strategic focus for the Board.</p>	Support and comments noted. See also Sections B and E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>However, since members of the German profession of Wirtschaftsprüfer offer a wide range of services besides audits of historical financial statements, we believe that services besides audit need to be accorded particular attention. In this context, it will be especially important for the Board – when restructuring the Code – to consider the extent to which certain provisions in the existing Code ought to be the same for audits and other services and to determine whether differentiation according to the particular nature of the service is appropriate. In our view, potential differentiation of the Code's provisions relating to independence is one important issue that will warrant further debate.</p> <p>We also support the Board's recognition in paragraph 10 of the Consultation of the importance of taking the particular perspectives of professional accountants operating in small and medium-sized public practices into account. Such members of the profession often perform few, or no statutory audits, but do perform a wide range of other services including voluntary audits, reviews and other assurance engagements; services that equally warrant ethical behavior to high standards. However, the exact requirements as to ethics need to be workable in an SME/SMP environment. For example, SME clients often value such professional accountants as trusted business advisors, and may have little understanding as to why the performance of an assurance engagement might preclude the practitioner from providing certain additional services – services that they want and giving rise to synergies that can save them expense. As explained below, we support improved liaison with the IFAC SMP Committee in this regard.</p> <p><i>Promoting and facilitating the adoption and effective implementation of the Code</i></p> <p>We refer to our comments above regarding the need to complete the Board's work restructuring the Code as a matter of priority, and, to our comments concerning the need to restructure sections 290 and 291 in particular.</p> <p>Given the fact that the adoption of the Code in its entirety is currently unlikely in some jurisdictions, it seems to us that, outreach directed at promoting the Code would be most effective if it were not only to inform about interested parties about the Code, but also facilitate a direct comparison with existing national laws, regulations and professional statutes etc. It would be useful to those who have the responsibility for ethical standards to be able to differentiate clearly which ethical aspects of the Code are already covered by national provisions (including where these are more stringent than the Code) from those that are not. This would allow the</p>	

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>competent authorities to either adopt any additional aspects of the Code directly, or formulate national equivalents. The existing structure of the Code means that such an exercise may be difficult at present.</p> <p><i>Evolving the Code for continued relevance in a changing global environment</i></p> <p>The IDW has commented above as to the need for the Code to be seen as a stable platform rather than being subject to frequent amendments. We nevertheless support the “emerging issues initiative” outlined in paragraph 54 of the Consultation.</p> <p>The Board has concentrated heavily on regulatory developments in explaining this third strategic theme. We understand that the Board needs to be appropriately responsive to developments in the global regulatory and economic environment in updating the Code as explained in paragraphs 15 and 16 of the Consultation, however, the Board also needs to be responsive – and seen to be responsive – to its wide range of stakeholders and to foster the acceptability of the Code amongst all stakeholders.</p> <p>We therefore firmly support the proposal to nurture and strengthen the Board’s relationship with the academic community, as described in paragraph 19. In view of the various pressures the Board may face from specific quarters now and in the future, we believe the Board should not only acknowledge the importance of evidence based on standards setting (paragraph 19), but, in order to preserve and demonstrate the Board’s own independence, have in place a mechanism to enable it to base its standard setting activities on appropriate unbiased research and evidence of the issues to be addressed. In some cases it may be appropriate for the Board itself to undertake a wide public consultation on specific matters, whereas in particularly contentious cases it may be beneficial for the Board to commission specific academic research. The Board should also acknowledge the potential to evolve the relevance of the Code by taking account of the views of other stakeholders, as a result of the fourth strategic theme – increasing engagement and cooperation with key stakeholders.</p> <p>In this context we are concerned by the statement in paragraph 15, which – as drafted – could be interpreted as implying the Board believes the changing global environment (by implication “always”) directly impacts the Code. Whilst it is without question that the Board will need to be aware of, and give due consideration to, major global developments in terms of regulatory initiatives on the one hand and changes in economic activities that impact the services</p>	

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>professional accountants provide etc. on the other hand, an impact on the Code itself cannot be a foregone conclusion. In our view, implying there will necessarily be a direct impact on the Code itself "as a rule" should be avoided, as it may result in unrealistic expectations; rather Board deliberation and due process on a case by case basis may lead to changes to the Code, or may not. As noted above, cost : benefit considerations may also be a factor. The ethical aspects of the proposed work stream topics collective investment vehicles (CIVs) and fee dependency will need investigation and deliberation by the Board consideration, but may or may not lead to significant changes to the Code itself.</p> <p>Elsewhere in the Consultation the Board mentions further matters, which we believe could be included under this strategic theme. For example, developments in the use of IT, e.g. social media communication channels, cloud computing etc. may also have ethical connotations of which the Board will initially need to maintain awareness.</p> <p><i>Increasing engagement and cooperation with key stakeholders</i></p> <p>We support both the plans outlined in paragraphs 55 and 56 of the Consultation with regard to specific stakeholder groups, and the academic community respectively.</p> <p>The IDW is particularly pleased that the Board has recently reached agreement as to liaison with the IFAC SMP Committee – in which the German profession is represented – along similar lines to liaison this Committee already has had in place with the IAASB for some time.</p>	
19.	IRBA	<p>We support the focus of the four strategic themes identified for the 2014-2018 period. As the audit regulator we have a special interest in promoting and facilitating the adoption and consistent implementation of a High-Quality Code which affects audit quality and the reputation of the auditors.</p> <p><i>Maintaining a High Quality Code of Ethics for application by PAs (paragraphs 8-11)</i></p> <p>We support the proposal to take account of the particular perspectives of SMPs and SMEs in the Code.</p> <p>Promoting and facilitating the adoption and effective implementation of the Code (paragraphs 12-14)</p> <p>We support efforts of adoption and implementation to allow for the maintenance of a high-quality Ethics Code with consistent implementation thereof by auditors globally, regard being had to the</p>	Support and comments noted. See also Sections B and E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>complexities of the environment in which auditors provide audit and assurance services.</p> <p>The IRBA adopted Parts A and B and the Definitions in the IESBA Code in June 2010, with effect from January 2011, and following further exposure in South Africa has just adopted the IESBA's 2013 amendments to the Code. The IRBA has further regulatory requirements: Rules Regarding Improper Conduct (the Rules) as the basis for investigation and disciplinary action against an auditor (enforceability provisions). The Rules inter alia, require compliance with the IRBA Code and auditing pronouncements issued by the IRBA, and provide the basis for enforcement by way of investigation of a complaint against an auditor and disciplinary action.</p> <p>The regulatory inspections function of the IRBA monitors compliance with the Code and auditing pronouncements which requires implementation of the Code by the auditors.</p> <p><i>Evolving the Code for continued relevance in a changing global environment (paragraphs 15-16)</i></p> <p>We share the concerns noted in paragraph 50 with the proposal in paragraph 15(b) with respect to the proposed focus on the application of 'related entity' in Collective Investment Vehicles (CIV) given the complexity of the possible relationships. Consequently, we support the pre-requisites outlined in paragraph 51 prior to adoption of this project.</p> <p>It is unclear why only one of the significant aspects of entities within the financial services sector has been selected, while other aspects that appear to have contributed to the global financial crisis have been ignored, for example, considering exposures to private equity entities; retirement funds; processing of transactions by service organisations in countries other than where the entities are located and Ponzi schemes etc. Broader application guidance may be necessary, but may require further research to scope the project.</p> <p><i>Increasing engagement and co-operation with key stakeholders (paragraphs 17-19 and 55-56)</i></p> <p>We support the proposed approach and suggest the IESBA could consider seeking engagement through the IFAC committee structures and member bodies, with relevant legislators regarding regulatory developments that might have implications for the nature and extent of services audit firms may provide to their audit clients and any differentiation between services provided to public interest clients and work provided by SMPs often to meet the needs of non-public interest entities (paragraph 15).</p> <p>In the course of its standard setting activities in developing local audit pronouncements, the IRBA also works closely with the technical staff of the Auditor-General South Africa (AGSA) in the</p>	

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		development of joint guidance for private sector auditors performing audits of the public sector. In our experience The AGSA holds different views regarding independence requirements and rotation requirements for auditors auditing in the public sector and has additional requirements. We have found our engagements with the AGSA very useful in contributing to audit quality. The IESBA may find it useful to include the INTOSAI as one of its key stakeholders.	
20.	ISCA	<p>The strategic themes identified for the period 2014-2018 address relevant key areas. Not only will the strategic themes give rise to a more robust Code that supports audit quality and more comprehensively address ethical issues faced by PAIBs in their roles in business, the Code will also evolve for it to remain relevant in a changing global environment. Last but not least, given that professional accountants form an integral part of the entire business landscape which also includes regulators, investors and employer organizations, we strongly support the strategic theme to increase engagement and cooperation with key stakeholders to not only increase awareness and enhance acceptance of the Code, but also to garner valuable inputs to make the Code more relevant to the rapidly evolving global context.</p> <p>We agree that the strategic themes identified for the period 2014-2018 are appropriate.</p>	Support noted.
21.	JICPA	<p>We believe that they are appropriate.</p> <p>The four strategic themes identified by the IESBA are important for the standard-setting activities in the field of professional ethics given the current environment. Especially for the adoption and implementation of the Code, even when the IESBA establishes high-quality Code of Ethics it will become irrelevant if it cannot be applied and implemented globally in practice. We therefore believe that the IESBA should seek to achieve a reasonable balance between robustness and practicability of the requirements.</p>	Ditto.
22.	KICPA	<p>We agree with the IESBA's four strategic themes based on the below.</p> <p>The IESBA has endeavored to improve the quality of ethics standards by conducting Independence projects for the past few years, which resulted in revising the Code, supplemented by detailed independence-related requirements. Meanwhile, legislations for enhancing auditor independence are being discussed in major jurisdictions including the European Union, the United States and Canada. In line with the global trends, it is considered necessary even for a jurisdiction establishing different national legal and regulatory frameworks to ramp up their efforts</p>	Ditto.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>to adopt and implement the Code and facilitate the convergence, which will eventually benefit to the public interest.</p> <p>In addition, the needs for evolving the Code to be continually relevant are also growing in significance with a rapidly changing global environment including the globalization of capital markets and the advancement of technology.</p>	
23.	KPMG	Subject to the comments we have made in the main body of our letter relating to the need for specific actions to ensure the continued acceptance and relevance of the Code, we support the themes identified as relevant in informing the activities of IESBA over the next five years.	Ditto.
24.	Mazars	Yes, we agree that the resources of IESBA should be focused on the stated strategic themes.	Ditto.
25.	NAO	<p><u>Strategic themes for 2014-18</u></p> <p>We support the strategic themes proposed for 2014-18. We are concerned however that the strategic themes and actions proposed thereunder will not consider the unique perspective required to consider threats and safeguards in the audit of public sector entities by SAIs.</p> <p><i>Maintaining a high-quality Code of Ethics for application by professional accountants globally</i></p> <p>We fully endorse the principles surrounding the adoption of a global code for ethics for professional accountants working across all sectors.</p> <p><i>Promoting and facilitating the adoption and effective implementation of the Code</i></p> <p>We support the aim of IESBA in promoting adoption and effective implementation of the Code. One area not specifically mentioned within the consultation paper is adoption of the Code within the public sector.</p> <p>It is our view that the Code could better recognize some of the issues that are faced in the public sector, particularly where auditors (usually SAIs) are appointed by legislation and cannot resign from, or have their client terminate the engagement and also where they have broad statutory responsibilities that may create a perceived conflict with requirements of the Code.</p> <p>Further, our view is that the threats and safeguards identified in the Code do not provide a public sector perspective. For example, SAIs are generally not subject to the same fee dependence threats due to their funding mechanisms.</p> <p>We support global adoption of an internationally accepted Code, or national requirements that</p>	Support and comments noted. See also Sections B and E of April 2014 Board issues paper. IESBA staff will be exploring interactions with staff of INTOSAI to explore the specific issues and context for PAs who work in the public sector.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>are at least as restrictive, across SAIs and we believe that stakeholders of audits performed by SAIs should expect compliance with such a code. However, as it stands, we believe the Code is not universally considered relevant in this context as it fails to address the circumstances of the sector. As part of its work to increase adoption of the Code, we therefore recommend that IESBA considers how the Code could be adapted for this public sector context. In the UK and Ireland the Financial Reporting Council's Ethical Standards already consider the SAI perspective to some extent.</p> <p><i>Evolving the Code for continued relevance in a changing global environment</i></p> <p>We support IESBA's proposed actions in this area of work. However, we would note, in relation to fee dependency, that this threat is usually not present for SAIs, and some possible safeguards e.g. declining engagements, are often not possible within the relevant statutory frameworks.</p> <p><i>Increasing engagement and cooperation with key stakeholders</i></p> <p>Ethical standards exist in order to give confidence to stakeholders about audit quality, so we support IESBA's plan to increase engagement. In line with our suggestions above, and to support global adoption of the Code by professional accountants in all sectors, we recommend that IESBA engages with Supreme Audit Institutions to better understand how standards could be adopted and implemented effectively across the public sector. A suitable avenue for this engagement could be INTOSAI's Professional Standards Committee.</p>	
26.	NZAuASB	<p>Yes. The NZAuASB agrees that the 4 strategic themes identified by the Board are appropriate. These themes also align closely to those strategic objectives set by the IAASB for their Proposed Strategy for 2015–2019, and also in other jurisdictions. The NZAuASB believes much synergy can be gained through the exchange of discussions between various standard setting bodies in different jurisdictions.</p>	Support noted.
27.	PwC	<p>In broad terms we support the four strategic themes but we do believe that there is a strong need for the Board to define its vision and to develop a framework, or set of principles, that will help define the objectives of the Board and help position the code (and assist in identifying areas where further development may be appropriate). The strategic themes could then be checked against this vision.</p> <p>Para 18 recognizes a desire to forge close working relationships with stakeholders, including the</p>	Support and comments noted. See Section B of April 2014 Board issues paper re needs assessment, vision and framework for standard setting, adoption and implementation. See also Section E of that paper re

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>profession. We would welcome this and will seek to work with the Board in an appropriate way so that, for example, the practical implications of Board considerations are identified at an early stage.</p> <p>As noted above, we strongly support the importance of evidence-based standard setting and encourage the Board to enhance its processes to ensure that decisions to embark on new projects are well grounded in evidence, and that an impact analysis is conducted of the costs and benefits of proposals.</p> <p>Are the actions identified with respect to each strategic theme, and their relative prioritizations, appropriate? If not, please explain why.</p> <p>We see no strong evidence provided to warrant a comprehensive review of the safeguards in the code.</p> <p>We agree that the Board should be an active participant in the debate about audit quality and that the Board should always have the “bigger picture” in mind when considering whether further enhancements to the code are appropriate.</p> <p>We support a cautious approach to establishing a project on collective investment vehicles. The scope of the project and the benefits should be clearly established early on. It may be that supplementary guidance, rather than changes to the code, is appropriate in relation to applying the “related entity” definition, given the very complex structures that can be found in practice.</p> <p>In relation to the proposed project on fee dependency, again we see no demonstrable evidence that the current provisions, including safeguards, are not working. Again they have only been effective for a couple of years. We recommend that the Board does not pursue such a project.</p> <p>Further the issue of whether the quantum of fees for non-assurance services provided to audit clients threatens independence seems an entirely unrelated issue and it's not clear that the two should be linked in any way – the code does not currently address this issue. We recognise that a perception concern can arise where such fees are significant in relation to the audit fee and it may be that the code can provide some useful guidance as to the threats and safeguard analysis.</p>	<p>prioritizations.</p>
28.	SAICA	<p>Response: Yes, we believe that the strategic themes identified for the period 2014- 2018 are appropriate, and would recommend the inclusion of the following themes:</p>	<p>Support and comments noted. See Sections B and E of April 2014 Board</p>

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<ul style="list-style-type: none"> Communications of real life cases pointing out code breaches and issues, together with trends that will assist in bringing ethics alive. Improved interaction with universities and those managing trainees to ensure the ethical message is incorporated in curriculums and training contracts. <p>Furthermore, our comments on the strategic themes:</p> <p>(i) Maintaining a High-Quality Code of Ethics for application by Pas globally (paragraphs 8–11):</p> <p>The IESBA proposes to concentrate on strengthening the aspects of the Code that deal specifically with professional accountants in business (PAIBs) (paragraph 8), and small and medium practices (SMPs) (paragraph 10). This is in line with SAICA Ethics Committee strategy, as we are looking further into making it compulsory for the chartered accountants in business to have CPD requirements on Ethics.</p> <p>(ii) Promoting and facilitating the adoption and effective implementation of the code (paragraphs 12–14):</p> <p>We support these initiatives, and it should be noted that our (South Africa) “matrix” membership structure (two tiers of membership, in combination with members inside and outside public practice) and the specific South African regulatory/legal environment has caused us to experience a number of implementation problems of the type referred to in paragraph 13. We therefore support a re-examination of the structure of the Code.</p> <p>(iii) Evolving the Code for Continued Relevance in a changing global environment (paragraph 15 – 16)</p> <ul style="list-style-type: none"> With regards to the proposed focus on collective investment vehicles (CIVs). We believe that, this project faces potential problems in addition to the diversity argument outlined in paragraph 50. For one, this highly specific project seems to be at odds with the IESBA's purview of developing high-quality principles-based standards. In addition, even given recent public outrage over Ponzi and similar financial market and regulatory failures, We believe that the IESBA has not adequately explained why it wishes to focus on this particular aspect of the financial services sector, and not (for example) pension funds (a huge and looming 	issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>problem worldwide), OTC derivative markets, the separation of investment and retail banks, or long- and short-term insurers, monoline and otherwise. For these reasons we believe that, the IESBA is, exposing itself to significant reputational risk if it takes this project on.</p> <ul style="list-style-type: none"> The reference to an “increased need for guidance on the application of the fundamental ethics principles” in paragraph 15(b) is made in the context of the proposed CIV project. We encourage this idea, with the key difference that we believe that there is a need for broad application guidance materials similar to those published by the Institute of Chartered Accountants in Scotland. 	
29.	WPK	From our point of view the strategic themes identified for the period 2014-2018 are appropriate.	Support noted.
Q3. Are the actions identified with respect to each strategic theme, and their relative prioritizations, appropriate? If not, please explain why.			
1.	ACCA	<p>ACCA believes that the actions identified are appropriate, and the detail within the proposed Strategy and Work Plan appears to indicate a measured approach to implementation of those actions.</p> <p>Harmonization and convergence are supported by efforts to identify and promote globally acceptable ethical principles. Therefore, principles must be the focus of IESBA's outcomes-focused activities. While we acknowledge the value of common auditor independence standards – which enhance clarity among stakeholders, as well as standards themselves – these are not entirely principles-based. In the interests of clarity, such independence standards should be distinct from the rest of the Code.</p> <p>We welcome the proposed review of independence safeguards within the Code. However, as this is intended as guidance to address ‘a number of practical issues’, we believe that it is best presented in explanatory material outside of the Code itself.</p>	Support noted. See Section E of April 2014 Board issues paper.
2.	AICPA	<p>Except for the following, we believe the actions identified with respect to the strategic themes and relative prioritizations are appropriate.</p> <p>We support the Board exploring a new work stream and conducting research on collective investment vehicles (CIVs). However, prior to commencing standard-setting in this area we believe the Board should carefully consider whether such research supports a project resulting in changes to the Code. We agree that there is much diversity in structure of these vehicles around</p>	Ditto.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>the world and many CIVs may already be subject to independence and ethics requirements established by a regulator in the relevant jurisdiction. Accordingly, it may prove unrealistic to provide guidance on CIVs that would be appropriate for an international Code. If the Board does pursue a project on CIVs, it may wish to consider the new independence standard issued by the AICPA, Interpretation 101-18—Application of the Independence Rules to Affiliates,¹ which identifies specific parties associated with an investment company that would be considered an affiliate of a financial statement attest client for purposes of applying the independence provisions of the AICPA Code of Professional Conduct.</p> <p>We do not believe the Board should devote resources to a project on fee dependency. We believe the guidance contained in Section 290 of the IESBA Code, Fees – Relative Size, provides appropriate safeguards and restrictions for public and non-public interest entities with regard to fee dependency as it relates to a specific client. This guidance first became effective January 1, 2011 and we do not believe there is need to revisit this so soon after adoption. There do not appear to be member bodies raising fee dependency as an area of concern or in need of additional guidance, or any significant number of others that believe this is an area that requires consideration. Accordingly, we recommend that this project not be pursued by the Board so that the Board's limited resources can be devoted to the important initiatives identified in the Proposed Strategy and Work Plan.</p> <p>Finally, with regard to the IESBA's proposed project to undertake a comprehensive review of the safeguards in the IESBA Code, we ask the Board to remain mindful that certain safeguards (e.g., partner rotation) may not be feasible for small and medium-sized practices, including sole proprietors, and requiring the implementation of certain safeguards by such practices may not be in the public interest. Accordingly, in considering whether existing safeguards should be revised or new safeguards added to the IESBA Code, the Board should carefully consider the impact such safeguards could have on these practices.</p>	
3.	APESB	APESB agrees with the actions identified with respect to each strategic theme and their relative priorities. APESB is supportive of the proposed new work streams in respect of Audit Quality,	Ditto.

¹ http://www.aicpa.org/Research/Standards/CodeofConduct/Pages/et_101.aspx#10118

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>fee dependency and guidance regarding safeguards in the Code.</p> <p>IESBA proposed activities in respect of emerging issues and outreach is also supported as it is important to engage and communicate with all stakeholders. We believe that over the long term these efforts will be a contributing factor to the global adoption of the Code.</p> <p>When undertaking the activities noted above, IESBA should engage with SMP practitioners and developing nations who have limited time and resources to be engaged with standard setting activities. However, these two market segments make up a major proportion of the global accounting profession. IESBA may need to develop innovative communication and engagement strategies (i.e. virtual roundtables, webcasts, and short targeted surveys) to engage with these market segments in order to understand and address the challenges faced by them to adopt and implement the Code.</p>	
4.	CGA Canada	We concur with the actions identified with respect to each strategic theme, as well as their relative prioritization, except as otherwise commented upon within this response.	Support noted.
5.	CIMA	We believe that they are appropriate, but would query whether in relation to the due process approach to be applied across all the work streams they are all achievable in the intended timeframe. In terms of the development of the code, some of the issues to be addressed during 2014-2018 are key to its onward positioning and adoption. The Board will need to be assured that prescription and guidance maintains pace with stakeholder needs and recognize evolving and dynamic role changes within the profession as well as the demands and pressures faced by PAs.	Support and comments noted. The Board has emphasized flexibility in the SWP to adjust the SWP if warranted by circumstances.
6.	CNCC	<p>Long association and Provision of non-audit services are on-going work stream which should be finalized soon, keeping in mind our comments below.</p> <p>The French bodies consider that guidance regarding safeguards measures should be the main priority and should replace, as a 02 2014 project work stream activities, "structure of the code" which should be postponed to 2018.</p> <p>Bearing in mind the amount of work that might represent in the achievement of guidance work stream, the agenda capacity and the resources available, Structure of the Code, CIVS and fee dependency should not be priorities.</p> <p>Increasing the visibility of the requirements and prohibitions of the Code is an important project</p>	Support noted and comments shared with the relevant TFs. Also see Section E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>and it could be dealt with by highlighting the situations where the application of the Code leads to a prohibition, and by adding application material. But it should not lead to substantial modification of the Code based on a conceptual framework approach.</p> <p>Focusing on giving more guidance, explanations and application material should allow IESBA to maintain a certain stability of the Code and, at the same time, improve how it is perceived and understood. Moreover, doing it through the Q&A process would insure a better timing.</p> <p>In order to fulfil this aim appropriately, increasing engagement and cooperation with key stakeholders should be the second priority, with reasonable objectives such as responding to the issues already identified.</p> <p>We believe that there is a need for further explanation and more guidance on topics such as:</p> <p>The definition of the audit client:</p> <ul style="list-style-type: none"> • what do "PIES" and "listed entities" mean, their legal definition varies from one jurisdiction to another. • what does "related entities" mean and how concepts such as "common management", "investments funds" or "business relationships" should be taken into account for the definition of the audit client, would also be useful. <p>We believe that there is a need for further explanation and more guidance on topics such as:</p> <p>The definition of the audit client:</p> <ul style="list-style-type: none"> • what do "PIES" and "listed entities" mean, their legal definition varies from one jurisdiction to another. • what does "related entities" mean and how concepts such as "common management", "investments funds" or "business relationships" should be taken into account for the definition of the audit client, would also be useful. <p>The efficient safeguards that allow acceptance of the engagement in a situation of self-review and, especially, the range of safeguards applicable for SMP. (This cannot wait until 2018)</p> <p>The decrease of fees due to selection procedures based on requests for audit proposal issued by the audit clients, which may threaten audit quality .</p> <p>In particular section 200 should include a statement that significant low fees may create a significant threat as regards the quality when performing an assurance engagement. IESBA</p>	

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>should provide guidance to the professionals who submit proposals for the provision of audit services following a request for proposal and the attention should be drawn on the importance of a level of fees commensurate with the quality of the audit (appropriate working hours budget and qualified engagement team) and compliance with professional standards.</p> <p>The third party test and its implementation.</p>	
7.	CPA Australia	We appreciate the need for flexibility but also, as mentioned earlier, encourage the Board to inform its prioritization through evidence and stakeholder engagement.	Comments noted.
8.	CPA Canada	We believe the actions identified are appropriate and would support giving slightly higher priority to the review of Part C. Part C is of particular interest to the Canadian accounting profession as it unifies under the "Chartered Professional Accountant" designation and brings a large number of professional accountants in business together under that new regulatory structure.	Support noted.
9.	Denise Juvenal	I understand that the actions identified with respect to each strategic theme and their relative prioritizations are appropriate.	Ditto.
10.	DTT	<p>We believe that the potential actions, related priorities and timing are overall appropriate subject to the following comments:</p> <p><i>Fee Dependency</i></p> <p>We do not view a project on fee dependency as being necessary or prudent in order to address any public interest or profession needs. We are aware of no significant demand to review the standards in this area, nor what particular issues this project would seek to address. Moreover, it is unclear what relationship exists between fee dependency and the quantum of fees received for non-assurance services provided to audit clients.</p> <p>We also believe that increasing restrictions on fee dependency may effectively restrict the ability of smaller firms to undertake the audits of larger companies, which would be contrary to efforts to increase audit competition, including for example, the EU proposed ban on Big 4-only audit clauses in lending agreements.</p> <p><i>Collective Investment Vehicles</i></p> <p>We are pleased to see that the Board is planning to explore a project on the application of the "related party" definition in the Code to collective investment vehicles, as we have raised this</p>	Support noted. See Section E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		issue in the past. We continue to believe this issue is important and in the public interest because of the significant amount of money invested in these vehicles.	
11.	EY	As mentioned above, although we generally agree with the strategic themes proposed by the Board, we encourage the Board to make efforts designed to raise awareness of the Code and increase the Code's credibility its top priority. We believe outreach to local regulators and efforts to restructure the Code to aid understanding and implementation should be of prime focus.	Support noted. See Section B of April 2014 Board issues paper re adoption and implementation.
12.	FAR	<p><i>Maintaining a High-Quality Code of Ethics for Application by PAs Globally</i></p> <p>FAR finds the actions listed appropriate.</p> <p><i>Promoting and facilitating the adoption and effective implementation of the Code</i></p> <p>FAR finds the actions listed appropriate.</p> <p><i>Evolving the Code for continued relevance in a changing global environment</i></p> <p>Collective Investment Vehicles - FAR finds that new elements should not be added to the Code at this point. The Code of Ethics should focus on the fundamental principles and their application by the majority of PAs. This project should not be a priority.</p> <p>FAR finds the other actions listed appropriate.</p> <p><i>Increasing engagement and cooperation with key stakeholders</i></p> <p>FAR finds the actions listed appropriate.</p>	Support noted. See Section E of April 2014 Board issues paper.
13.	FEE	<p>Where appropriate, we have already commented on these actions above. We would like to provide further comments as set out below:</p> <ul style="list-style-type: none"> • Structure of the Code – We would like to stress the importance of this matter and emphasize the need for the restructuring project (which is to be rolled out in Q2 2014) to be comprehensive and in line with our recommendations as stated in our letter to Mr. Holmquist on this matter (see the Appendix to this letter). • Understanding the Extent of Adoption of the Code - Regarding the IFAC Compliance Advisory Panel's (CAP) work on compliance by member bodies and barriers to convergence, it should be noted this work is often spread out over time. This is making it hard to measure adoption and implementation at a certain point. For instance, comparing the results of FEE's stocktaking exercise on the advancement of the adoption of ISAs in 	General support noted. See Sections B and E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>Europe with the results of the IFAC CAP's work related to the adoption of ISAs in European countries has indicated a considerable amount of differences, in both directions of further and less advancement.</p> <ul style="list-style-type: none"> • Outreach to Stakeholders and Other Activities in Support of Adoption and Implementation - As stated in Section 2.2 above, FEE is very much in favour of both extensive outreach and the IESBA providing additional guidance, such as the staff publications mentioned in paragraph 48 of the SWP, to raise awareness and enhance understanding of the Code among investors and other stakeholders. More educational material from IESBA for direct use by professional accountants is also encouraged. • Collective Investment Vehicles (CIVs) - It is not clear why the IESBA would like to consider the application of the related entity concept in audits of CIVs. In many jurisdictions, including in the EU, CIVs (as well as mutual funds) are covered in the IESBA definition of PIEs (defined as entities of significant public interest), or - if not defined by law and regulation - are treated by the profession as significant PIEs where they are open to investments by the general public. Therefore, the independence rules applicable for auditors or audit firms auditing PIEs are also applicable for auditors and audit firms auditing CIVs (as well as mutual funds). Additionally, the way in which CIVs are structured might differ significantly between different jurisdictions. The development of globally applicable guidance for the application of the related entity concept in audits of CIVs therefore appears particularly complex and difficult. Finally, given the level of legislation and complexity related to CIVs, it appears that it is too specialist an area to be dealt with by a global code as only a small minority of professional accountants appears to be commonly confronted with independence issues related to CIVs. 	
14.	IAA	We agree with the actions identified for each strategic issue, as well as their priorities and timing, they are adequate, taking into account the establishment of standards that include the proper investigation of the issues, a proper analysis of needs and consideration of a formal proposal of the project.	Support noted.
15.	ICAEW	<p>We support the prioritization of projects currently in progress. Resources are not infinite and it is better to prioritize completion of existing projects over starting new ones.</p> <p>As regards the proposed new work streams, we set out our comments below:</p>	Support noted. See Section E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>Guidance regarding safeguards – It is not clear to us that there is a problem with the code's requirements where the code specifies particular safeguards as mandatory. It is important to guard against change without evidence of need. However, as regards instances where the code includes a general requirement for safeguards but offers examples, we are aware that smaller practitioners in particular sometimes struggle to think of examples of safeguards that they can apply, which might be and be considered to be, appropriate. This is not necessarily a problem that requires the code itself to be amended – it is clear where specific safeguards are not required, that those listed are only examples. This is an area where additional guidance outside of the code might be most appropriate.</p> <p>Audit quality – Auditor independence is an important component of professional skepticism and thus audit quality, but is not the only one. It is therefore right that general considerations around this topic are led by the IAASB. We understand therefore, that the timing of any IESBA work cannot currently be specified. Audit quality is an important topic: indeed the most important one in the audit arena. However, it is important that IESBA's considerations do not result in a large overlap between the code of ethics, which is about setting conditions necessary to maintain an ethical mind-set, and auditing standards, which are more about necessary audit objectives and procedures.</p> <p>Collective investment vehicles (CIVs) – We would not support amendment of the code to address the audit of specific types of industry. This would sit uneasily with a principles based code and would distract from the key points. We do understand that there are some significant issues with determining who auditors of CIVS should be independent of. However, this is not an issue with the fundamental requirements, more a need to illustrate how they should be applied in particular situations. This would be better addressed by producing 'off-code' guidance as to the interpretation and application of the general principles in a specific situation, perhaps through a series of small case studies. An approach involving amending a definition with some variation on 'except for...' risks an impression that different standards of independence are being allowed for, for different types of audited entity, as a result of inconvenience. In addition it constrains accountants' abilities to apply the threats and safeguards approach in a professional and appropriate way.</p> <p>Fee dependency – We are not aware of evidence that would suggest a need to amend the code's requirements in this area. It is reasonable to keep developments under review (within the</p>	

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		European Union, for example, there is about to be introduced a non-audit fee/audit fee limit for public interest entity audits). However, a new regulatory requirement somewhere is not of itself evidence of a need for change to the code, and we have a concern that projects always seem to lead to change, regardless of the evidence. A better approach might be to undertake pre-project research into behavioral aspects of auditors spending a significant amount of time on one client. This will put the Board in a better position to determine if there is an issue to address.	
16.	ICAS	<p>(i) <u>Maintaining a high-quality Code of Ethics for application by PAs globally</u></p> <p>We would emphasise that rather than look at specific parts of section 290 of the Code, that ethical standards for auditors be created in the first instance to help promote adoption of these requirements. The work streams could still go ahead but with a view to being part of these new ethical standards, rather than revising section 290 of the Code.</p> <p>In relation to the review of Part C of the Code, whilst we welcome this, we would caution that care has to be taken to ensure that the length of the Code is not unduly increased by the addition of significant amounts of unnecessary new guidance.</p> <p>(ii) <u>Promoting and facilitating the adoption and effective implementation of the Code</u></p> <p>We are generally happy with the proposed work streams under this strategic theme. We would however emphasise the need for IESBA to engage with investors and not just regulatory stakeholders. The development of staff publications in support of adoption and effective implementation of the Code and to raise awareness and understanding of the Code among investors and other stakeholders is not sufficient in this respect.</p> <p>We also refer to our comments above on the creation of ethical standards for auditors which we believe would help in improving the level of adoption and effective implementation of the auditor independence requirements of the Code.</p> <p>There is also a need to focus more on personal responsibility – the auditor independence requirements should require the identification of persons within the firm who are tasked with the responsibility for ensuring the firm's adherence to the standards set.</p> <p>In relation to staff publications, we would encourage the development of case study material to help illustrate how the Code should be applied in practice i.e. bring "ethics" to life.</p> <p>(iii) <u>Evolving the Code for continued relevance in a changing global environment</u></p>	Support noted. See Sections B and E of April 2014 Board issues paper. Relevant comments pertaining to the structure of the Code have been shared with the Structure TF.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>We are not supportive of the new work stream entitled "Collective Investment Vehicles". We believe that such an approach risks resulting in an ever lengthy code and a move towards a rules-based Code of Ethics which we would not support. Proper application of the fundamental principles should allow professional accountants to decide on the appropriate course of action in such circumstances.</p> <p>(iv) <u>Increasing engagement and cooperation with key stakeholders</u></p> <p>As we note above, we believe this is crucial to seeking to get greater global acceptance of IESBA and its outputs and should therefore be a shorter-term objective of the Board.</p>	
17.	IRBA	<ol style="list-style-type: none"> 1. The Structure of the Code has a bearing on its enforceability of the ethical provisions that apply to auditors and more so the fact that the Code allows for consistent application by different auditors, is an area of concern for regulators. Accordingly, we would expect the project dealing with structure of the code (paragraphs 29-30), insofar as it could increase the clarity and usability of the Code, to be an opportunity to enhance its value. 2. We support the prioritization of this topic (paragraphs 40-41). We note and concur with the caution sounded that the amount of work involved should not be underestimated, but are aware that some auditing standard setters in the EU already have projects in their jurisdictions to address the structure of their Code. 3. We also support the statement on the importance of flexibility in the future strategy and work plan (paragraphs 32 and 20) to enable the Board to accommodate urgent emerging ethical issues brought to its attention before the end of the strategic period 2014-2018. 4. Emerging ethical issues may be specific to particular circumstances in individual jurisdictions, so care should be taken to determine whether the emerging issue is a global matter before proposing amendments to the IESBA Code, where local guidance in implementation of principles in the IESBA Code may be more appropriate. 	Ditto.
18.	ISCA	<p>We generally agree that the actions identified with respect to each strategic theme, and their relative prioritizations are appropriate.</p> <p>Notwithstanding the above, we noted in the SWP that initial discussion on fee dependency will only start in Q2 2016, with consideration of a project proposal only in Q1 2017. We believe that fee dependency is a key risk to auditor independence. Fee dependency can affect the behavior</p>	Support noted. See Section E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		of auditors when undue pressure is placed by an audit client. Greater challenges can be faced by smaller firms, and even smaller offices of a large audit firm. We are of the view that this is an important aspect of auditor independence which should be addressed sooner than later. Hence, we would recommend that IESBA consider if the work stream on fee dependency could be brought forward to the earlier stages of the 2014-2018 timeframe, in which the initial discussion could commence in 2015. Areas which could be enhanced include better guidance on factors to consider when assessing risks of fee dependency, the involvement of those charged with governance, better safeguards such as concurring partner involvement, etc.	
19.	JICPA	<p>We believe that they are appropriate, but we propose the followings:</p> <ul style="list-style-type: none"> • Among the key assumptions presented in paragraph 31, the assumption of re-exposure should be described as a "principle," since the final decision to re-expose will be made by the IESBA. • As paragraph 52 fails to clearly explain why it is necessary to consider fee dependency in relation to the strategic theme (iii), "Evolving the Code for continued relevance in a changing global environment," a sufficient clarification should be provided with some background information. 	Support noted. See Section E of April 2014 Board issues paper re fee dependency topic.
20.	KICPA	<p>Regulators and investors have raised the issue of auditor independence and audit quality in the aftermath of the global financial crisis. The IAASB's Audit Quality project initiated in response to the request for improving audit quality is also a very important issue to auditors. This is why we consent to IESBA's strategic direction that sets aside resources to initiate a potential work stream and utilize resources when considered necessary.</p> <p>We also agree with the IESBA's plan to review the safeguards in the Code and initiate a new work stream on fee dependency in response to regulatory input from the strategy survey conducted in January, 2014. The nature of relations among stakeholders that tend to be complex and not to be general in the Collective Investment Vehicles also led us to express our consent to the IESBA's plan to review the application of the "related entity" definition in the code to such investment vehicles.</p> <p>As for priorities, we are with the IESBA's plan to commence the review of safeguards, fee dependency, and Collective Investment Vehicles after Q3 2015 when the on-going</p>	Support noted.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		Independence projects initiated in 2012 are expected to be completed.	
21.	KPMG	<p>We support prioritization of projects in process over the start-up of new ones. As mentioned above, we would give the structure of the Code the highest prioritization of the projects currently in process.</p> <p>Guidance regarding safeguards – we question whether there is a problem with the Code's requirements where it specifies particular safeguards as mandatory. The issue may relate more to challenges faced by some practitioners in identifying specific safeguards to be applied. If a needs assessment indicates that this is in fact the problem, then this issue may be better addressed through additional guidance outside of the Code as opposed to actually amending the Code.</p> <p>Audit quality – We believe it is appropriate that considerations around the topic of audit quality are led by the IAASB. Given that auditor independence is critical to the value of an audit, it is logical for the Board to consider the impact of the work of the IAASB on the Code. However, it is important that IESBA's considerations complement the ISAs by establishing an ethical framework that supports the exercise of appropriate professional judgment.</p> <p>Collective Investment Vehicles - We acknowledge there are challenges with the application of the provisions of the Code as it relates to Collective Investment Vehicles (CIVs), however we believe that, so far as the related entity rule is concerned, the principles of control and significant influence should be valid in all cases and any interpretive guidance appropriate to address the audit of entities in a particular industry is best provided outside the Code itself.</p> <p>Fee dependency - We do not support a proposal to initiate a new project on fee dependency. While we acknowledge that there has been a challenge to the robustness of the safeguards the Code requires to mitigate the potential threats to independence, we are not aware of evidence that suggests the current provisions, which were debated and established as a result of a formal project undertaken in 2007, are not adequate. While it is reasonable to monitor global developments in this area, a new regulatory requirement implemented in a jurisdiction does not evidence a need for change to the Code. We therefore recommend that the Board continue to monitor global developments and that it make a decision to undertake a project to revise the Code only after it completes a proper needs assessment, as mentioned in our earlier comments.</p>	Support noted. See Section E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
22.	Mazars	<p>We agree that completing existing projects should be prioritized before commencing new projects.</p> <p>Regarding the new work streams:</p> <p>Guidance Regarding Safeguards in the Code (particularly In relation to auditor independence) - this topic seems to be complementary to the objective of improving the structure and drafting of the code to make it easier to understand and adopt. At the level of our international organization, some of our practices find It difficult to put safeguards in place; the limitations are mainly due to their small size and the limited number of professionals they have.</p> <p>Audit quality -we agree that consideration should be given to the final recommendations of the IAASB's audit quality project. It is important that any proposed changes to the code in relation to audit quality are consistent with the findings of the IAASB project.</p> <p>Collective investment vehicles - Regarding the proposal to address the scope of the related entity definition in relation to the independence requirements in an audit of collective investment vehicles, including mutual funds when firms audit the underlying funds, the sponsor/advisor of the funds or both, we do not believe that we have sufficient background Information to understand why going in more detail in this specific area is necessary.</p> <p>Fee dependency - as an integrated organization with strong European origin, all amendments envisaged to the code will need to be consistent with the developments of the EU In relation to audit reform.</p>	Ditto.
23.	NAO	<p>We do not consider any of the themes or actions to be inappropriate, however in order to bring on board key stakeholders and ensure the global uptake of the Code, including among SAls, we urge IESBA to consider the relevance of the Code to public sector audit either as a new strategic theme or as an action under a relevant strategic theme.</p> <p>Such a theme or project could assess the relevance of the Code to public sector audit (including that undertaken by SAls) in consultation with key stakeholders for this sector. The theme and related actions should be considered a priority given the wide range of stakeholders for public audit and the impact that public sector organisations have on the global economy. It is therefore important that compliance with professional ethical standards can be demonstrated in the scrutiny of public expenditure.</p>	General support noted. See also response to NAO comment on Q2 above.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
24.	NZAuASB	The NZAuASB considers the actions identified with respect to each strategic theme, and their relative prioritizations, appropriate.	Support noted.
25.	PAIB	The PAIB Committee believes it is necessary and relevant to support professional accountants adhere to the Code and help them identify and employ good practice. Professional accountants should be the first target for outreach, with other stakeholders secondary. As mentioned above, we also have concerns about this as a related initiative instead of a separate project stream as it could limit resources and time for this important issue. The PAIB Committee would be happy to continue collaborating with the IESBA, for example, through the IFAC Global Knowledge Gateway to disseminate key aspects of the Code and practical guidance.	Ditto.
26.	SAICA	<p>Response: Yes, we believe that the strategic themes identified for the period 2014- 2018 are appropriate, and would recommend the inclusion of the following themes:</p> <ul style="list-style-type: none"> • Communications of real life cases pointing out code breaches and issues, together with trends that will assist in bringing ethics alive. • Improved interaction with universities and those managing trainees to ensure the ethical message is incorporated in curriculums and training contracts. <p>Furthermore, our comments on the strategic themes:</p> <p>(iv) Maintaining a High-Quality Code of Ethics for application by Pas globally (paragraphs 8–11):</p> <p>The IESBA proposes to concentrate on strengthening the aspects of the Code that deal specifically with professional accountants in business (PAIBs) (paragraph 8), and small and medium practices (SMPs) (paragraph 10). This is in line with SAICA Ethics Committee strategy, as we are looking further into making it compulsory for the chartered accountants in business to have CPD requirements on Ethics.</p> <p>(v) Promoting and facilitating the adoption and effective implementation of the code (paragraphs 12–14):</p> <p>We support these initiatives, and it should be noted that our (South Africa) “matrix” membership structure (two tiers of membership, in combination with members inside and outside public practice) and the specific South African regulatory/legal environment has caused us to experience a number of implementation problems of the type referred to in</p>	Support noted. See Sections B and E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>paragraph 13. We therefore support a re-examination of the structure of the Code.</p> <p>(vi) Evolving the Code for Continued Relevance in a changing global environment (paragraph 15 – 16)</p> <ul style="list-style-type: none"> With regards to the proposed focus on collective investment vehicles (CIVs). We believe that, this project faces potential problems in addition to the diversity argument outlined in paragraph 50. For one, this highly specific project seems to be at odds with the IESBA's purview of developing high-quality principles-based standards. In addition, even given recent public outrage over Ponzi and similar financial market and regulatory failures, We believe that the IESBA has not adequately explained why it wishes to focus on this particular aspect of the financial services sector, and not (for example) pension funds (a huge and looming problem worldwide), OTC derivative markets, the separation of investment and retail banks, or long- and short-term insurers, monoline and otherwise. For these reasons we believe that, the IESBA is, exposing itself to significant reputational risk if it takes this project on. The reference to an "increased need for guidance on the application of the fundamental ethics principles" in paragraph 15(b) is made in the context of the proposed CIV project. We encourage this idea, with the key difference that we believe that there is a need for broad application guidance materials similar to those published by the Institute of Chartered Accountants in Scotland. 	
27.	WPK	<p>As regards Long Association, Non-Assurance Services, Review of Part C and Structure of the Code, please refer to our comments above. See also above the issues SMPs, cooperation with stakeholders, outreach activities and emerging topics.</p> <p>A new work stream according to the CP is the review of the safeguards in the CoE. We have experienced difficulties in the past in connection with some safeguard provisions as to their meaning and scope, respectively. In the light of clarity and user-friendliness, the new work stream could be helpful if it were aimed at putting specific safeguards in concrete terms and clarifying their meaning by providing more illustrations and guidance.</p> <p>The new work stream Collective Investment Vehicles (CIV) is an important one from our point of view. As regards accounting, IAS 24 is aimed at ensuring that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and</p>	Comments noted. See Sections B and E of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties. While particular provisions thus exist in the field of reporting, there is currently a lack of the counterpart in the field of auditing. Against this background and given the importance of CIVs that has continued to increase, we would like to confirm the CP's assessment that there is a public interest need for the Board to focus strategic attention to this area.</p> <p>Referring to the issue audit quality, we agree that the Board should remain an active participant in the broader audit quality debate internationally and therefore carefully consider the final recommendations from the IAASB's audit quality project as far as there is a connection to ethics and the CoE, respectively. However, we are concerned that the forthcoming IAASB audit quality report might not fully meet the objectives of raising awareness of the key elements of audit quality, encouraging key stakeholders to explore ways to improve audit quality and thereby facilitating a greater dialogue between all relevant stakeholders on this topic. We have explained the reasons for this in our comment letter to the IAASB of March 15, 2013 (Exposure Draft: A Framework for Audit Quality), and we do hope that the final report will be further developed and meet our concerns.</p> <p>With reference to the new work stream fee dependency, we would like to differentiate between several aspects of this topic:</p> <p>The CP states: "Among the matters this project may consider are whether guidance should be provided on the circumstances where an auditor should decline an engagement as a safeguard to eliminate any self-interest or intimidation threat that may arise from significant fee dependency".</p> <p>We would just like to clarify that in our view a high fee as such does not pose a risk to independence if a client, e. g., is just willing to acknowledge the quality of the services rendered. However, if, e. g., 90 % of the turnover of the auditor originates from one and the same client, there is a serious risk to independence. This principle of a relative size-based consideration is already stipulated in the CoE, basically (cp. 290.220 and 291.151). Nevertheless, a more concrete distinction based on this relative-size approach or more illustrations and guidance with a view to the revenue-dependency, e. g., could be considered.</p> <p>The CP further states: "whether quantitative guidance should be provided regarding the level of</p>	

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>acceptable fees for audits of entities that are not public interest entities”.</p> <p>The only comment we would like to make is to consider taking also the public interest entities into the consideration on the one hand, and also differentiate between statutory and non-statutory audits on the other hand.</p> <p>The CP finally states: “and whether guidance should be provided regarding when the quantum of fees for non-assurance services provided to audit clients may threaten independence”.</p> <p>As stated above in the context of the Non-Assurance Services project, we would like to encourage the Board to pursue convergence to the greatest extent possible with the EU decisions taken thereby avoiding a conflict between the EU provisions and the CoE.</p>	
Q4. Are there any actions not included in the proposed SWP that you believe the Board should consider for the 2014-2018 period? If so, please explain why, and indicate which actions identified in proposed SWP should be displaced (i.e., deferred or eliminated).			
1.	ACCA	<p>We invite the board to consider the ethical issues arising from tax avoidance, which is the subject of discussion around the world. Specifically, guidance on ethics concerning advice on avoidance schemes would be of great value to professional accountants globally.</p> <p>As such a project would result in guidance outside of the Code itself, it should not complicate the restructuring of the Code nor the review of Part C. We would not necessarily expect any actions identified in the proposed SWP to be displaced by the development of such guidance.</p>	See Section F of April 2014 Board issues paper.
2.	AICPA	We are not aware of any other actions that the Board should consider for the 2014-2018 period.	–
3.	APESB	<p>We have identified two areas that IESBA may wish to consider in your review of auditor independence matters and Part C of the Code.</p> <p>(i) Outsourced Services</p> <p>The trend of outsourcing of Professional Activities has grown rapidly over the last two decades with benefits such as staff utilization on core activities, lower costs and access to specialized skills, all resulting in greater efficiencies for various organizations. However, with these benefits risks also arise such as confidentiality of client information, integrity of information transferred between the organization and the outsourced service provider, cross jurisdictional transfer of information, and sufficient control and supervision of the work performed.</p> <p>Given the increasing use of outsourced services and the involvement of Professional</p>	See Section F of April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		<p>Accountants in Public Practice as well as Professional Accountants in Business in the delivery of outsourced services, it is important that risks associated with conducting business in this manner are managed to minimize risks to the Professional Accountant, the firm and the client. For example, if the external audit firm is outsourcing some of the external audit work to a member firm in a low cost jurisdiction then the client should be made aware of this practice and approve its use as ultimately it is the client's information.</p> <p>In 2012 APESB completed a project (APES GN 30 Outsourced Services http://www.apesb.org.au/attachments/APES%20GN30%20Guidance%20Note.pdf) to provide guidance for Professional Accountants in Public Practice to manage risks associated with providing or utilizing Outsourced Services in the delivery of Professional Services.</p> <p>International guidance in this area would be particularly beneficial to the global accounting profession. IESBA could consider developing a specific section which addresses outsourced services within sections 290 and 291 on matters that an external auditor or other assurance provider should consider when they provide or utilize outsourced services. Similarly in Part C IESBA should consider developing guidance for PAIBs such as the Chief Financial Officer who is involved in providing or utilizing outsourced services.</p>	
4.	APESB	<p>(ii) Senior Leadership Roles – PAIBs</p> <p>Professional Accountants in Business (PAIBs) undertake senior leadership roles such as being Chief Executive Officer, Chief Financial Officer or being a Non-Executive Director in an organization. It would be beneficial, if in Part C of the Code a specific section was developed which provided ethical guidance on roles and responsibilities of PAIB's who act in these senior leadership roles. For example, professional and ethical obligations of a PAIB who is on an audit or due diligence committee of an organization. Another example is where a PAIB has dual roles such as being an executive as well as being a director of an entity. APESB is undertaking projects in these areas and would welcome supporting IESBA's initiatives.</p> <p>With the exception of matters noted above, we have not identified any other matters that IESBA should consider in its SWP. The matters noted above can be considered to be enhancements to IESBA's proposed projects on auditor independence and review of Part C of the Code and it is not necessary to displace any of the proposed projects on its SWP.</p>	Suggestion noted for future consideration.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
5.	CGA Canada	CGA-Canada has previously communicated its view that the Code should address the expectations and member body responsibilities as they relate to dealing with members or firms in circumstances of receivership or bankruptcy. We appreciate that the current priorities and/or other survey responses may not yet permit the pursuit of this project.	Ditto.
6.	CIMA	Strengthening of links with the academic community should be accompanied by commensurate engagement with organizations around the world to ensure currency and relevance of the code. In this context, we are also delighted at the launch of the Global Knowledge Gateway and regard this an immensely valuable resource for IFAC itself as well as its membership community. We trust that these comments will be of interest and we would, of course, be happy to discuss further any of the issues raised.	Comments noted.
7.	CNCC	Increasing the visibility of the requirements and prohibitions of the Code is an important project and it could be dealt with by highlighting the situations where the application of the Code leads to a prohibition, and by adding application material. But it should not lead to substantial modification of the Code based on a conceptual framework approach. Focusing on giving more guidance, explanations and application material should allow IESBA to maintain a certain stability of the Code and, at the same time, improve how it is perceived and understood. Moreover, doing it through the Q&A process would insure a better timing. This priority is not clearly enough presented as the best way to Promoting and facilitating the adoption and effective implementation of the code.	Comments shared with the Structure TF.
8.	CPA Australia	As mentioned above, we think that the Code should not address industry and sector specific guidance. It is currently addressing differences in professional accountant function and entity characteristics. We think that is sufficient. We therefore do not support the proposal to develop a work stream on CIVs. If there is evidence that the 'related entity' or other concepts need to be reviewed, we think such revisions should be informed by multiple sectors and industries.	See Section E of April 2014 Board issues paper.
9.	CPA Canada	We believe the actions identified are appropriate and would support giving slightly higher priority to the review of Part C. Part C is of particular interest to the Canadian accounting profession as it unifies under the "Chartered Professional Accountant" designation and brings a large number of professional accountants in business together under that new regulatory structure.	Comments noted.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
10.	Denise Juvenal	I observe that there is one action that not included in the proposed SWP has relation with the public sector. I believe that the Board should consider after this period, I do not know; because can be occur some difficulties for application or verification for consolidate the information. The discussions elaborate for European Commission - EUROSTAT and OECD can include some information about Ethic Code in this process.	No action proposed.
11.	DTT	<p>Many jurisdictions now have independence standards that are either more stringent or differ in certain respects from the standards contained in the Code. This is likely to continue if and when current proposals are adopted by the European Parliament in the near future. Efforts should be undertaken to encourage member bodies to adopt a provision in their standards that would accept compliance with the Code outside their borders, as has been the case in the United Kingdom for many years, and more recently adopted in the United States. If more member bodies were to adopt such a provision, it would limit the extraterritorial impact of diverse and often conflicting standards.</p> <p>In our view, having national or regional differences in independence standards is not in the public interest. It is confusing for investors and others who rely on financial statements as it is difficult to understand how the auditor can be independent in one jurisdiction but not another. Moreover, multi-national companies and auditing networks serving multi-national clients are challenged to comply with such diverse standards.</p> <p>We urge the Board to continue developing adoption and implementation materials. We also believe it is important for the IESBA to reach out more to regional and national authorities and IFAC member bodies as they are updating their independence standards. Providing a channel of communication may help all stakeholders better understand the Code's requirements, thereby facilitating wider adoption and greater convergence. As part of the adoption and implementation guidance mentioned above, these materials should include support for SMPs and other practitioners who serve clients that are not public interest entities.</p>	See Section B of the April 2014 Board issues paper re adoption and implementation.
12.	EY	We cannot identify any actions not included in the proposed SWP at this time, however we recognize the importance of the strategic theme "Evolving the Code for continued relevance in a changing global environment" and believe it is of utmost importance that the Board be flexible and responsive to emerging issues which may require the Board to deploy or redirect resources to address a particular issue or undertake a previously unidentified project in light of external	Comments noted.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		developments.	
13.	FAR	FAR has no further suggestion.	–
14.	FEE	In addition to the comments above, especially in the General Comments under Section 1 of this letter, FEE would like to stress the importance for the IESBA to concentrate its outreach activities on regulators, not in the least the European Institutions including the European Commission. This is needed to promote the much needed convergence in the areas of ethics and especially independence. Recent developments in the EU, as referred to above, might result in increasing differences between the primary independence requirements in different parts of the world. A global standard setter cannot sit idle on the side lines and watch this happening, without at least trying with all available means to limit these differences when it comes to implementation in practice and especially help in limiting their extra-territorial effects.	See Section B of the April 2014 Board issues paper re adoption and implementation.
15.	IAA	We have not identified any actions that are not included in the Strategic Work Plan 2014-2018, nor operations to be deferred or eliminated.	–
16.	ICAEW	No. We believe that available IESBA resource should be focused primarily on outreach (as discussed in paragraph 2 above), identification of how the code is applied, and the structure project.	Comments noted.
17.	ICAS	In terms of the structure of the Code we would refer you to our comments on the need to create separate ethics standards for auditors. This would then allow IESBA to better separately consider the content of the rest of the Code without being distracted by auditor independence issues.	Comments shared with the Structure TF.
18.	IDW	In responding to the IESBA 2014-2016 Strategic Review Survey last year, the IDW expressed support for the Board to work on guidance as to the meaning of public interest in the context of the Code as well as the reasonable and informed third party test. In our opinion a clear common understanding of both what public interest constitutes and how a reasonable and informed third party test should be applied will be fundamental to both the Board and its stakeholders' consideration of potential differentiation as discussed above. In this context, we had also, in responding to the earlier Survey, ranked the issue of application of the fundamental principle of objectivity when independence is not required as important. Fee dependency as identified in	See Section F of the April 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		Appendix 2 to the Consultation may also prove to be such a project.	
19.	IRBA	<p>1. As indicated above, we believe the following issue should be included in the strategy and work streams of the IESBA:</p> <p>i. The ethical considerations for auditors acting together jointly on an audit engagement, in the absence of specific guidance in the ISAs on requirements where joint audits are performed.</p> <p>2. We believe our comments provide sufficient information for consideration of the Board to conclude on whether or not any actions in the proposed SWP should be displaced.</p>	Ditto.
20.	ISCA	We generally agree with the proposed actions proposed in the 2014-2018 SWP and do not propose to displace any of the actions identified in the proposed SWP in favor of other actions not included.	Comments noted.
21.	JICPA	<p>We have not further comments on the proposed SWP.</p> <p>We agree that the proposed SWP encompasses all relevant activities that need to be conducted in order to address the current issues.</p>	Ditto.
22.	KICPA	<p>The Code of Ethics for Professional Accountants clearly stipulates in its preface that “Some jurisdictions may have requirements and guidance that differ from those contained in this Code. Professional accountants in those jurisdictions need be aware of those differences and comply with the more stringent requirements and guidance unless prohibited by law or regulation.”</p> <p>Aside from the differences, there could be other impediments to more rapid and wider adoption of the independence requirements of the Code even though there is not certain law or regulation to prohibit a jurisdiction from complying with the Code. Considering the difficulties, it would be necessary for the IESBA to study various environments and frameworks of the respective jurisdictions and ponder over how to encourage adoption.</p>	Ditto.
23.	KPMG	As mentioned in our earlier comments, we believe that IESBA should add an action to the five-year strategy to consider what it means to “act in the public interest”. Recent discussion of this principle suggests that there might not be a universally held view of what it means to act in the public interest and what could reasonably be expected of an accountant in public practice.	See July 2014 Board issues paper.

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
24.	Mazars	No.	–
25.	NZAuASB	<p>The NZAuASB has not identified any other actions to replace the actions identified in the proposed SWP. The NZAuASB notes and supports the IESBA's emerging issues initiative to actively monitor global developments and to adjust the SWP if needed.</p> <p>Whilst the NZAuASB agrees with the IESBA's strategy to focus on independence standards for audits of financial statements, the NZAuASB believes the IESBA needs to consider other types of assurance, such as assurance on non-financial statement information. In this regard the NZAuASB refers the IESBA to the work that is undertaken through the International Integrated Reporting project.</p>	Suggestions noted for future consideration.
26.	PAIB	<p>Yes, addressed in comments above. The PAIB Committee cannot over emphasize the importance of professionalism, which incorporates and is underpinned by an ethical perspective—"doing the right thing"—and, therefore, the importance of your work and communicating with professional accountants in business.</p> <p>Please do not hesitate to contact me should you wish to discuss any of the matters raised in this submission. We also welcome further discussions on how the PAIB Committee can continue supporting the work of the IESBA.</p>	Comments noted.
27.	PwC	None.	–
28.	SAICA	<p>Response: We propose that the Board should consider if there is a need for further improvement around the degree standards satisfy:</p> <ul style="list-style-type: none"> • CPD requirement and ensuring sufficient weighting the quality of ethics training. • Relook at the impact of technology on Ethics risk – e.g. confidentiality of information and means of examining and distributing sensitive information. • Having or developing a standards on how to deal with two clients who compete with each other, even if the one is an X client in the past – Integrity risks and measures to ensure the information is not used to benefit competitors including recommended safeguards . • Relook at the debate around fees based on contingencies – ethical angles and risks 	Suggestions noted for future consideration.
29.	WPK	From our point of view, there are no additional actions that the Board should consider for the	–

SWP – Compilation of Responses to Specific Questions
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Notes
		2014-2018 period.	