

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

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
1.	ACCA	We welcome the proposed strategy. Appropriate focus on outcomes would suggest that IESBA and its stakeholders should strive for heightened standards of ethical behavior, and all planned activities should be evaluated in terms of how they contribute to this objective. Seeking global convergence of high ethical standards sends a clear message concerning IESBA's belief that it is reasonable to expect consistent ethical standards globally.	Comments noted.
2.	AICPA	We support the IESBA's objective of setting high-quality ethics standards for professional accountants around the world and facilitating the convergence of international and national ethics standards. Seeking input from member bodies and other interested parties on strategic direction and projects prior to commencing proposed projects can facilitate convergence of ethical standards. For example, providing advance notice to member bodies regarding specific projects the IESBA is considering undertaking enables member bodies to work on similar projects concurrently with the IESBA and provide input to, and receive input from, the IESBA during the standard-setting process. This increases the likelihood that consistent standards can be adopted.	Ditto.
3.	APESB	APESB commends the IESBA on its SWP. APESB is also supportive of IESBA's proposed approach of developing a five year work plan which we believe is realistic and achievable given IESBA's global due process. We favorably note your recognition that the environment changes over the term of a five year plan and that you have allowed some capacity in the SWP to deal with emerging issues.	Support noted.
4.	APESB	We suggest that the IESBA spend some time examining the role of the Professional Accountant in the future and in particular the breadth of the role played and the impact evolving technology is having on that role. The observation could be made that the IESBA's definition of Professional Activities is somewhat focused on the traditional roles and activities of Professional Accountants and not what they have become and are likely to become in the digital age.	Suggestion noted for future consideration.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
5.	Assirevi	<p>We have reviewed the Consultation Paper containing the Proposed Strategy and Work Plan for 2014-2018. We agree with the strategic themes and work streams which have been identified as a priority in the document and we believe that they are appropriate in the context of current developments with regard to auditors' independence.</p> <p>We would like to take this opportunity to inform you that the various professional bodies and associations in our country are jointly in the process of preparing new standards of independence for auditors which are based on the IESBA Code. Our association is one of the bodies participating in this effort. The objective is to have this new standard approved by the Ministry of the Economy and Finance, in consultation with Consob (Stock Exchange Commission), by the end of June 2014.</p> <p>In preparing this new standard several questions have emerged around the interpretation of certain definitions and provisions contained in the Code of Ethics which we believe should be brought to the attention of the IESBA. In due course, Assirevi will provide the IESBA with a list of these items.</p>	Support noted.
6.	CGA	<p>CGA-Canada is supportive of the objective to serve the public interest by setting high-quality ethical standards for professional accountants and by facilitating the convergence of international and national ethical standards, including auditor independence requirements, through the development of an international code of ethics that is both robust and appropriate.</p> <p>CGA-Canada is particularly encouraged to see articulated a commitment to take into account the particular perspectives of the small and medium-sized practice constituency in the development of these standards, given the large proportion of professional accountants employed within the SME sector worldwide. To that end, we commend the Board for its enunciated statement of liaison principles with the IFAC SMP Committee.</p>	Comments noted.
7.	CGA	<p>As a member body, we also wish to communicate our support of greater outreach activities. We believe that this is both critical and fundamental to the stated objective of international convergence of a common Code. There have been multiple changes made to the Code in recent years, and the promotion and education of these new requirements is necessary and timely. The plans for increased outreach activities, combined with the engagement and cooperation of key stakeholders, we believe will further hasten convergence. We further</p>	Support noted. See also Section B of April 2015 Board issues paper re Adoption and Implementation (A&I).

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		believe that the project to proceed with the Structure of the Code as a formal project on a high priority basis is a critical element to these plans, given the impediment to adoption that the current structure of the Code presents.	
8.	CNCC	<p>The CNCC and OEC think that, having a stabilized platform should be a priority for a reasonable period of time in order to provide a better opportunity to have the code adopted and implemented. For this reason IESBA should improve the understanding of the Code by giving more guidance on matters that are already dealt with in the Code but which still raise questions , rather than reviewing those that have already reached a consensus , or launching new issues.</p> <p>As independence and ethics of auditors in public practice are matters which are widely discussed at the moment, the CNCC believes that it is the right time for IESBA to show that it stands as the international reference to auditor ethics. Therefore, the first priority is to generate a significant wave of adoption of the Code.</p>	Comments noted. See Section B of April 2015 Board issues paper re frequency of changes and A&I.
9.	CPA Australia	We agree that the framework of the Code of Ethics for Professional Accountants (Code), and the threats and safeguards approach it employs, is appropriate for professional accountants. We encourage the Board to resist pressure to resort to prescriptions that may have detrimental effects on the standing of the accounting profession.	Comments noted.
10.	CPA Australia	CPA Australia agrees with the proposed strategic themes but has some reservations about some of the activities in relation to evolving the Code for continued relevance. In particular, we are of the opinion that the Code should provide guidance on the application of its framework. We do not think that the Code should develop standards or guidance for engagements related to specific industries or sectors. We are of the opinion that our members make professional judgments that enable them to apply the framework in all contexts without the need for industry/ sector specific prescriptions. We can see the value of using Collective Investment Vehicles (CIVs) and other sectors/industries to evaluate the concepts and framework of the Code but we discourage the Board from developing sector specific guidance. Therefore, we are of the opinion that CIVs may be used to explore the efficacy of the 'related entity' definition and identify any shortcomings that would need to be addressed with additional guidance that would be universally applicable. Further, the CP mentions that the proposal was not supported by a number of respondents in a previous	Support noted. See Section E of April 2015 Board issues paper re CIVs.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		strategy consultation, yet the Board determines that it is in the public interest to pursue it. To fulfil the Board's intent to evolve the Code for continued relevance, it would be appropriate to be responsive to stakeholders, and if stakeholders' views are not adopted to develop and communicate its rationale based on evidence.	
11.	CPA Australia	CPA Australia is encouraged by the intention to undertake evidence - based standard setting and to engage with the research community. We support the Board's intention to engage with the academic and research communities that can inform the Board on its projects and deliberations. We note that such an approach would have assisted the Board with the 'Responding to a Suspected Illegal Act' project and would have resulted in a better informed standard.	Support noted. See Section B of April 2015 Board issues paper re A&I.
12.	CPA Australia	On a related issue, CPA Australia encourages the Board to gain evidence on the use of the publications it produces – other than the Code – and their value and utility. Given the limited resources available to the Board, we think it would be valuable to ascertain actual utility and effectiveness. The CP proposes that additional staff publications will be prepared to facilitate adoption and effective implementation of the Code internationally, among investors and other stakeholders. We think that given the limited evidence on actual adoption of the Code and the Board's intention to ascertain it, the assumption that publications that target specific stakeholders are needed, as well as what these should address, should be evaluated. We urge the Board to use evidence as basis not only for its standards but also for the identification of needs and opportunities. We would also like to encourage the Board to consider how it would identify and satisfy the needs of varied stakeholders and prioritize them, globally.	See Section B of April 2015 Board issues paper re needs assessment.
13.	CPA Ireland	Paragraph 10 is welcome as it is showing some focus on SMEs which otherwise were given very little attention in the plan. There should be more focus on the impact on SMEs who are disproportionately affected by regulatory changes.	Comments noted. The proposed SWP recognizes the importance of taking into account the needs of SMPs/SMEs.
14.	CPA Ireland	We recommend an examination be carried out of the impact of increased audit exemption on SMPs at an international level. We would like to see more on improving the standard of auditors.	This appears to be a jurisdiction-specific issue but suggestion noted for future consideration.

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		There should be a separate work stream for SMPs.		
15.	Denise Juvenal	Description	Comments	Support noted.
		Strategic Themes for 2014–2018		
		Maintaining a High-Quality Code of Ethics for Application by PAs Globally	I agree with this proposal, if the board agrees, I suggest that for this point could be include public sector because in the maintaining a high quality considering the new discussion elaborate for European Commission - EUROSTAT1 and OECD2. The ethics code is very important for public sector in this moment.	
		Promoting and Facilitating the Adoption and Effective Implementation of the Code	I agree with this proposal and I understand that promoting and facilitating the adoption and effective implementation of the Code can be together Regional Regulators, European Commission and important International Regulators or use group of ASAF created for IASB3 for identification of the difficulties and problems around the world.	
		Evolving the Code for Continued Relevance in a Changing Global Environment	I agree with this proposal considering the importance of IFAC-IESBA always modernize the International standards when occur a new research elaborate for some Important International Regulator.	

¹ http://epp.eurostat.ec.europa.eu/portal/page/portal/public_consultations/consultations/epsas

² <http://www.oecd.org/gov/budgeting/IPSASB-Governance-Review.htm>

³ <http://www.ifrs.org/Alerts/Governance/Pages/Trustees-announce-membership-of-ASAF-March-2013.aspx>

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment		Proposed Resolution/Noted
		Increasing Engagement and Cooperation with Key Stakeholders	I agree with this proposal considering that Key Stakeholders are very important for development of International Standards.	
		Key Considerations Guiding the Determination of Potential Actions, Priorities and Timing		
		New Work Streams in 2012	I agree with this proposal is very important for this moment.	
		Key Factors	I agree with this proposal is very important for this moment.	
		Other Important Factors	I agree with this proposal is very important for this moment.	
		Key Assumptions	I agree with this proposal is very important for this moment.	
		Importance of Flexibility	I agree with this proposal is very important for this moment.	
		Potential Actions, Priorities and Timing	I agree with this proposal is very important for this moment.	
		Overview of 2014–2018 Actions, Priorities and Timing		
		Maintaining a High-Quality Code of Ethics for Application by PAs Globally	I agree with this proposal, I think that in this moment with new modifications in the International Standards is very useful the IFAC-IESBA observe the internal control of elaborate for COSO4 and IFAC-PAO5 with	

⁴ <http://www.coso.org/documents/FINAL%20News%20Release%20--%20How%20Frameworks%20Improve%20Organizational%20Performance%20and%20Governance%20--%2002%2010%2014.pdf>

⁵ <http://www.ifac.org/publications-resources/establishing-governance-guide-professional-accountancy-organizations>

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment		Proposed Resolution/Noted
			relation the impact for Ethics Code for public and private sector.	
		Guidance Regarding Safeguards in the Code	I agree with this proposal.	
		Audit Quality	I agree with this proposal, I suggest for the board, if agrees, that verify with International Internal Audit – IIA6 for this process.	
		Promoting and Facilitating the Adoption and Effective Implementation of the Code		
		Structure of the Code	I agree with this proposal.	
		Enforceability and Related Matters	I agree with this proposal.	
		Understanding the Extent of Adoption of the Code	I agree with this proposal.	
		Outreach to Stakeholders and Other Activities in Support of Adoption and Implementation	I agree with this proposal. I understand that outreach to Stakeholders can be together Regional Regulators, European Commission and important International Regulators or use group of ASAF create for IASB7 for identification of the difficulties and problems around the world.	
		Evolving the Code for Continued Relevance in a Changing Global Environment		

⁶ <https://na.theiia.org/Pages/IIAHome.aspx>

⁷ <http://www.ifrs.org/Alerts/Governance/Pages/Trustees-announce-membership-of-ASAF-March-2013.aspx>

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment		Proposed Resolution/Noted
		Collective Investment Vehicles (CIVs)	I agree with this proposal.	
		Fee Dependency	I agree with this proposal.	
		Emerging Issues Initiative	I agree with this proposal.	
		Increasing Engagement and Cooperation with Key Stakeholders	I agree with this proposal. I understand that Engagement and Cooperation with Stakeholders can be together Regional Regulators, European Commission and important International Regulators or use group of ASAF create for IASB8 for identification of the difficulties and problems around the world.	
		Summary of Projects, Work Streams and Activities, and Work Plan 2014–2018	I agree with this proposal.	
16.	DTT	<p>We are a strong proponent of adoption of a global set of robust independence standards by regulatory authorities, member bodies of IFAC, and others because we believe this will best serve the public interest. We are also of the view that the independence and ethical standards contained in the Code of Ethics/or Professional Accountants ("Code") represent high quality, robust and credible standards.</p> <p>Consequently, we support the vision of the Board which is reflected in the four proposed strategic themes listed in the bullet points below, and believe that a substantial share of the Board's activities should be directed at seeking wider adoption and implementation of the IESBA's standards and increasing outreach with key stakeholders (emphasis added):</p> <ul style="list-style-type: none"> Maintaining a high-quality Code for application by professional accountants globally; 		Support noted. See also Section B of April 2014 Board issues paper re A&I.

⁸ <http://www.ifrs.org/Alerts/Governance/Pages/Trustees-announce-membership-of-ASAF-March-2013.aspx>

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

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		<ul style="list-style-type: none"> 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. 	
17.	17EUAR	<p>As audit regulators, our mandate encompasses the oversight of the independence of statutory auditors, based on the requirements applicable in our respective jurisdictions.</p> <p>The IESBA Code of Ethics is used in several jurisdictions, but not in all of them. Even for those that do not use it, we clearly see an interest in enhancing its content, as it is used as a basis for some benchmarks at international level. Moreover, a number of audit firms and networks have voluntarily committed to complying with the IESBA Code.</p> <p>Our comments hereafter convey our general support for the proposed strategic themes and highlight the work streams that we consider as most relevant to increasing the value of the IESBA Code.</p> <p><i>Support for the strategic themes presented</i></p> <ol style="list-style-type: none"> We generally support the strategic themes set out in the consultation paper, since the quality of the ethical standards, their effective implementation, their relevance in a changing global environment and consideration of the key stakeholders' needs are necessary to foster the use of the Code of Ethics worldwide. We believe that the acceptance of the Code, internationally, should primarily be driven by the quality of its content and its ability to contribute to the public interest. <p><i>Auditors' behavior and contribution to the public interest</i></p> <ol style="list-style-type: none"> From our perspective as audit regulators, the priority topics relate to the provisions of the Code applicable to auditors or to audit firms. We recognize that the scope of the IESBA is broader and also covers ethics for accountants that are not registered or active as statutory auditors, but we are not directly interested in the IESBA work streams that will not have any effect on the behavior of auditors. Furthermore, we are particularly focused on the auditor's contribution to the public interest: we are of the view that the criterion pertaining to the potential benefit to the public interest is the most important one in decisions taken by the Board to prioritize 	Support and comments noted.

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		its work streams.	
18.	17EUAR	<p><i>Audit reform in Europe</i></p> <p>5. We suggest that the Board allocates sufficient resources to work on topics in relation to ethics that are addressed by the audit reform in Europe, in order to consider the potential implications of this reform. We suggest that the Code take into account the level of requirements set by the European regulation. Indeed, a code that is less stringent than the legal framework in force would impair its potential applicability in the European countries. Consistency with the applicable legal requirements for ethics would be a precondition towards a wider recognition of the Code.</p> <p>6. In this regard, we recommend that the outcome of the reform be followed closely, in order to ensure that the IESBA Code is consistent, specifically in the areas of :</p> <ul style="list-style-type: none"> • the provision of non-audit services by auditors, • the auditor's long association with an audited entity (auditor rotation), • the auditor's communication when facing irregularities, breaches of the laws, or going concern issues, • the provisions regarding the auditor's independence and the relationship between persons placed at the disposal of the auditor and the audited entity, • the considerations for joint auditors acting together, • the auditor's relationships with the audit committee or body performing equivalent functions, • the provisions on fee dependency. <p>7. In this regard, we support that the Board envisages continuing to dedicate resources to the work streams dealing with topics like "non compliance with laws and regulations", "long association" and "non-assurance services", in order to respond to external development. Topics stemming from the audit reform would thus be likely to be covered during the 2014/2018 period.</p>	See Section B of April 2014 Board issues paper re other comments and suggestions.
19.	17EUAR	<p><i>Enforceability and other concerns from audit regulators</i></p> <p>1. Enforceability of the ethical provisions that apply to auditors and more so the fact that</p>	Support noted. See Section E of April 2014 Board issues paper.

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		<p>the Code allows for consistent application by different auditors, is an area of concern for us. Accordingly, we would expect the project dealing with structure of the code, insofar as it could increase the clarity and usability of the Code, to be an opportunity to enhance its value. We support the prioritization of this topic.</p> <p>2. Other measures taken by the IESBA to enhance the enforceability of the Code would also be seen as positive steps forward, such as more clarity on "safeguards" that could be acceptable in the IESBA approach. Limiting, where possible, specific exemptions to the general provisions set by the Code would be another topic to consider.</p> <p>3. "Fee dependencies" and "specific consideration of Collective Investment Vehicles" are work streams supported by audit regulators, which sometimes face issues with these topics during inspections.</p>	
20.	17EUAR	4. In addition, several regulators have in the past expressed concerns about the need for independence of persons whose services are placed at the disposal of the auditor to perform audit work. We believe that the ethical rules in this regard should be reinforced in the IESBA Code. This question might deserve a dedicated work stream in the 2014/2018 period.	See response to IOSCO comment letter (Agenda Item 3-C) re use of internal auditors on the external audit.
21.	17EUAR	5. Another topic that we would like the IESBA to consider when dealing with or prioritizing the various work streams, is the appropriateness of ethical provisions that are specific to the organization of the audit work where the auditor decides to use the services of persons working in off-shore centers.	See Section F of April 2014 Board issues paper.
22.	17EUAR	6. The IESBA provisions on the acceptance of an audit engagement when other services have been provided by the same person or firm in the past are also a concern for several regulators, who would like to see improvements in this area.	Suggestion to be further explored with the stakeholder group.
23.	17EUAR	7. We also encourage the Board to seek further convergence with the IAASB, in the language used and in the requirements defined, in order to facilitate a common understanding by the stakeholders.	Comments noted. Suggestion with respect to consistency of language being considered by the Structure TF.
24.	17EUAR	<i>Addressing urgent emerging issues</i>	Comments noted. The Board has established an emerging issues working

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<ol style="list-style-type: none"> 1. We support the Board's statement on the importance of flexibility in its work program. Allocating time to address emerging issues in the light of external developments where timely responses are needed is especially important for those jurisdictions in which the IESBA Code is directly applicable. This flexibility will allow the Board to address urgent issues brought to its attention by the regulators. 2. We believe that an appropriate due process should allow the Board to add work streams to provide responses before the end of the strategic period when deficiencies that deserve immediate remediation are identified in the Code of Ethics. 	process and the EIOC to address emerging issues outside of the normal strategy review process.
25.	EY	<p>We welcome the opportunity to contribute to the further development of the IESBA Code of Ethics for Professional Accountants (the "Code") and we continue to support robust ethics standards that will reinforce the integrity and objectivity of auditors worldwide. We view the Code to be of fundamental importance to the future of the accounting profession and the benchmark for ethics and independence standards across the profession. We note that, even in those jurisdictions where legislative proposals diverge significantly from the provisions of the Code, the Code remains an important contribution to the debate and continues to influence the outcome. Accordingly, we are particularly supportive of efforts that the Board will undertake to maintain and increase the stature of the Code and its credibility, particularly amongst local regulators. We also believe it is in the public interest for the robustness of the Code to be better appreciated and for the Code to be better understood to allow for consistent application, and we encourage the Board to focus its attentions on activities to achieve these objectives.</p>	Support and comments noted. The Board does endeavor to raise awareness of the robustness of the Code through its outreach to stakeholders. In addition, the NAS TF is considering how best to convey this message in its work on a policy position paper.
26.	FEE	<p><i>Focus on Structure, Adoption and Implementation</i></p> <p>In both its responses to the IESBA Exposure Draft on the 2010-2012 SWP and in the IESBA 2014-2016 Strategic Review, FEE stressed the importance of a pause in both ethics and independence standard setting. After a period of high-quality and high-volume standard-setting, it is time for the IESBA to focus on adoption and implementation. Further relentless amendments to the IESBA Code of Ethics for Professional Accountants (the Code) cannot be justified.</p> <p>We also think that an improved structure of the Code is needed to convince stakeholders to adopt and implement this Code. With regard to the structure itself, we would like to reiterate</p>	See Section B of the April 2014 Board issues paper re frequency of changes, and Section E of that paper re prioritizations.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>our support to:</p> <ul style="list-style-type: none"> • Aiming to reduce the length of the Code and clarifying its language; • Splitting off the independence section; and • Dividing the whole Code into sections separating requirements and prohibitions from application guidance and examples. 	
27.	FEE	<p><i>Needs of professional accountants in SMP and SME environments</i></p> <p>FEE is very supportive of IESBA taking into account perspectives of the small-and medium-sized practice (SMP)/small-and medium-sized entity (SME) constituency when it sets standards as stated in paragraph 10 of the SWP. In this regard, we encourage the IESBA to also integrate the SMP and SME perspectives in its activities beyond standard setting, most notably its efforts on adoption and implementation. Making the requirements of the Code more understandable and its contents more accessible is especially pressing for professional accountants working as SMPs or those dealing with SMEs. For this constituency, increased comprehension of the Code is a necessity; the principles to be applied should be the same, but with appropriate guidance on how to apply them in this specific environment. This argument also ties into the reasons why the Code needs to be restructured, as presented by FEE in its letter to Mr Holmquist of 2 October 2013 (see the Appendix to this letter).</p>	Support noted. See Section B of the April 2014 Board issues paper re A&I.
28.	FEE	<p><i>Professional ethics</i></p> <p>After the revision of the independence sections in the Code was completed in 2009, FEE has been arguing for the IESBA to diversify its attention beyond independence standards to the wider subject of professional ethics. Professional ethics namely includes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Integrity, for example, is what FEE considers the core principle of professional behavior.</p> <p>Not only is this focus on ethical values important to continuously educate the profession and raise awareness among accountants on their professional behavior. It will also serve to inform the regulatory and business community and the general public on the ethical</p>	See Section B of the April 2014 Board issues paper re other comments and suggestions.

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>standard the profession is required to live up to.</p> <p>In the aftermath of the financial crisis, topics that carry potential reputational risk for professional accountants have become extra apparent and pressing. These topics, such as the role the profession should play in providing tax advice, are interwoven with the ethical requirements for the profession. FEE therefore continues to see a persistent need for the IESBA to draw attention to ethical behavior in a broader sense.</p>	
29.	HKICPA	<p>We support generally the proposed Strategy and Work Plan 2014-2018, including the four strategic themes and the four work streams for the period. We believe the Strategy and Work Plan helps to maintain the Code's relevance in a continually evolving regulatory and capital markets environment globally.</p> <p>Having said that, we would like to highlight the following for the Board's consideration:</p> <ul style="list-style-type: none"> • Projects on "Structure of the Code" and "Responding to Non-Compliance with Laws and Regulations" <p>We note from paragraph 29 of the CP that the Board will determine to proceed with the Structure of the Code work stream as a formal project on a high priority basis based on the report and recommendations of the Working Group, expected in the second quarter of 2014.</p> <p>We note that there are general challenges to learn, understand and apply the Code accurately and hence there are perceptions among some stakeholders, including SMPs and PAIBs, that the Code is not relevant to them. Such lack of engagement by those practitioners should be a concern to the Board.</p> <p>We believe the "Structure of the Code" project would help to enhance the usability and hence relevance of the Code. The decision to put this project as a high priority is most welcomed.</p> <p>We also noted that the Board plans to complete its project on "Responding to Non-Compliance with Laws and Regulations" by first quarter in 2016. We are sure that the controversial nature of this project has commanded more time and resources than the Board had initially envisaged. We would urge the Board to exercise great caution in budgeting adequate further time and resource in its work plan given the likely further extensive consultation and re-deliberation that would undoubtedly be required before the</p>	Support and comments noted. Comments shared with the relevant TFs.

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		project reaches completion.	
30.	HKICPA	<ul style="list-style-type: none"> SMP/SME considerations <p>We note from paragraph 10 of the CP that the Board believes it is important to take into account the particular perspectives of small- and medium-sized practice (SMP)/small- and medium-sized entity (SME) elements of the constituency when it sets standards. The Board therefore plans to liaise closely with the IFAC SMP Committee and seek its input on projects and initiatives of relevance to that constituency. We support this initiative as it would enable the concerns of SMP and SME to be duly considered when setting ethical standards in an effort to minimise post-implementation difficulties being identified only after a standard has been promulgated.</p>	Support noted.
31.	HKICPA	<p>We also note from paragraph 35 of the CP that the Board plans to undertake a comprehensive review of the safeguards to independence, noting that there are practical application issues not only on the part of firms undertaking audits but also SMP including sole practitioners. We consider the SMP sector would appreciate additional practical guidance on safeguard application as they have continually expressed difficulties due to limited number of staff and the fact that their clients are typically not public interest entities.</p> <p>In response to SMP needs in our jurisdiction, the HKICPA has developed Ethics Circular 1 (EC1) Guidance for Small and Medium Practitioners on the Code of Ethics for Professional Accountants. EC1 does not modify the requirements of the Code but provides non-mandatory guidance to assist SMP on their adoption of the Code. EC1 is attached as Annex 1 for reference by the Board.</p>	See Section E of April 2014 Board issues paper.
32.	HKICPA	<ul style="list-style-type: none"> Proactive engagement with key stakeholders <p>We note from paragraph 16 of the CP that the Board will pre-emptively evolve the Code by understanding the ethical implications of any regulatory developments internationally and any major shifts or trends in areas of economic activity that rely on the services of professional accountants.</p> <p>We consider the Board should not merely respond reactively to developments in regulatory and economic environment, but also proactively seek ways to involve and influence in earlier stage of such developments by engaging key stakeholders. This would ensure the</p>	Comments noted. See comments in Interim Chair's statement in proposed SWP re thought leadership.

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>Board to be on top on various discussions on emerging and controversial issues, including the issues on firm rotation and provision of non-assurance services to audit clients in some jurisdictions, and help ensuring the Board remains to be at the forefront of ethics standard setting for professional accountants. This is also important for ensuring the Code to remain a leading set of ethics standards for global profession.</p> <p>We understand that the Board plans to forge closer working relationships with key stakeholder groups, including regulators and auditor oversight bodies, NSS, the profession, investors and IFAC member bodies. Given the importance of the above initiative, the Board should consider setting aside adequate time and resource for that, when developing its work plan.</p>	
33.	HKICPA	<ul style="list-style-type: none"> Additional safeguards <p>Part of an audit committee's role is to perform oversight on financial statement audit services provided by professional accountants to the company. We appreciate an effective audit committee should not only enhance the quality of service delivery by professional accountants but should also reinforce, through monitoring, their ethical behaviour in many circumstances.</p> <p>We acknowledge that audit committee's pre-approval may not always be an appropriate safeguard to threats to compliance with fundamental principles. We however believe that it might be worthwhile for the Board to explore in what circumstances audit committee's pre-approval of non-assurance services may serve a safeguard to threats to compliance with the fundamental principles.</p> <p>The Board should also consider reviewing the existing safeguards in terms of practicality and effectiveness and whether additional safeguards can be introduced.</p>	Comments to be considered as part of the Safeguards work stream.
34.	HKICPA	<ul style="list-style-type: none"> Consideration on safeguards against familiarity threat <p>We understand that, as part of the long association project, the Board will continue to review the long association provisions in Section 290 of the Code to ensure that they continue to provide robust and appropriate safeguards against the familiarity and self-interest threats arising from long association with an audit client.</p> <p>We note that service history promotes auditors' understanding and knowledge of a client,</p>	Comments shared with the Long Association TF.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		which may in turn enhance audit quality. We consider the Board should take such benefit into due consideration when reviewing the appropriateness of safeguards in the project.	
35.	HKICPA	<ul style="list-style-type: none"> Post-implementation review mechanism <p>We appreciate the Board's rigorous due process in standard setting, including extensive public consultation and deliberation. In order to ensure the continued relevance and effectiveness of the Code, we believe the Board should consider establishing policy to perform post-implementation review on new requirements.</p>	See July 2014 Board issues paper re post-implementation reviews.
36.	IAA	We decisively support the IESBA's initiative on this important issue, considering the ethical issue as fundamental in the formation and exercise of the accounting and auditing professional.	Support noted.
37.	ICAEW	<p>It is wholly right and proper for any standard setter to undertake a program of continual review of whether its standards are fit for purpose, and if action is considered necessary, to prioritize the allocation of its resources in areas of greatest potential benefit to stakeholders. Accordingly we welcome IESBA's periodic consultations with stakeholders about its future intentions. Indeed, consultation could be undertaken more frequently, on a rolling basis: the work plan could be a great deal shorter and less complex than the one issued.</p> <p>We particularly support increased outreach by IESBA both in respect of the promotion of the IESBA code of ethics (the code) and getting involved in emerging ethical issues:</p> <p>As regards the code, there is little point producing and maintaining high quality international standards if they are not understood, appreciated and applied by professional accountancy bodies and relevant regulators. Similarly, a standard setter should be aware of the reasons why its standards may not be universally adopted and applied by its member bodies so that it can reflect this in its redrafting of guidance.</p> <p>It is also important that IESBA be seen to be on the front foot and it should take a pro-active stance in respect of key emerging ethical issues.</p>	Support and comments noted. See comments in Interim Chair's statement in proposed SWP re thought leadership.
38.	ICAEW	<p>We set out in the next section, our comments on the specific issues raised by IESBA in its consultation paper. These comments are based on a number of general observations:</p> <p>As noted above, a continual program of review of standards, and of outreach to those</p>	See Section B of April 2014 Board issues paper re frequency of changes, A&I, and needs assessment.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>responsible for applying the standards, is important.</p> <p>However, change for the sake of being seen to be doing something, is ultimately counterproductive. To be effective, professional standards must commend the understanding and respect of the professions that apply them as well as those who oversee them. Change should be evidence-based.</p> <p>Frequent small changes should also be avoided. We and other respondents to past consultations have highlighted the need for periods of stability in the IESBA code of ethics (the code). During 2013 IESBA issued four different sets of changes to the code, with three different effective dates. This suggests a lack of concern for, or under-appreciation of, the resource needed by professional bodies to implement, publicize and explain these changes, and their members to absorb and apply them.</p> <p>A lot of issues that members have with applying standards do not necessarily require changes to those standards. It is more often an issue of how to apply the threats and safeguards approach or additional guidance on existing requirements. This is often more efficiently and helpfully dealt with outside of the standards.</p> <p>We continue to support a principles-based code as being more robust than a rules-based one and more appropriate in an international context. Inevitably, even in a principles-based code there will be some absolutes but these should be applied only where necessary.</p>	
39.	ICAS	<p><i>Key Points</i></p> <p>We are fully supportive of IESBA's belief that a single set of high-quality ethics standards can enhance the quality and consistency of services provided by Professional Accountants throughout the world, thereby contributing to public confidence in the accounting profession.</p> <p><i>Strategic Themes</i></p> <p>We are supportive of the strategic themes for 2014–2018 identified by the Board i.e.:</p> <ul style="list-style-type: none"> (i) Maintaining a high-quality Code of Ethics for application by PAs globally; (ii) Promoting and facilitating the adoption and effective implementation of the Code; (iii) Evolving the Code for continued relevance in a changing global environment; and (iv) Increasing engagement and cooperation with key stakeholders. 	Support noted. Comments shared with the Structure TF. See also Section B of April 2014 Board issues paper re frequency of changes, A&I and needs assessment.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<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 provide a better platform for engaging with stakeholders. It would also help facilitate a better restructuring of the remainder 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.</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 at paragraph 51 of the consultation paper:</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>In this respect we also welcome the Board’s acknowledgment of the importance of evidence-based standard setting. In particular, we welcome the fact that the Board foresees the nurturing and strengthening of its relationship with the academic community in the medium to longer-term but we would encourage the Board to make this a shorter-term priority. ICAS would also be happy to consider collaborating with IESBA on research in the field of ethics for professional accountants.</p> <p>In relation to (iv), 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 focus IESBA in this area 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 on certain matters related to “auditor independence” and we would encourage IESBA to</p>	

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		undertake greater engagement with this key stakeholder group.	
40.	IDW	<p><i>Adoption of the Code around the world – Structure of the Code</i></p> <p>We agree with the IESBA as to the importance of continuing to focus effort on facilitating adoption and implementation of the Code around the world. In our opinion, the lack of precision in the current structure of the Code may be one factor potentially hindering the Code's adoption. We are pleased that the Board has already commenced work on a project "Structure of the Code" and, as explained below, would urge the IESBA to complete this project as a matter of high priority.</p> <p>A Code of Ethics that is capable of application by all professional accountants in public practice needs to be made more understandable than the extant Code, and its provisions need to be balanced and reflect the wide range of circumstances professional accountants face in their day-to-day work. A Code with a clear structure will not only benefit members of the profession and supervisory bodies by easing application in practice; it will also make it easier for clients and the general public to understand the high ethical behavior they should expect from professional accountants, and this may be a factor influencing their decisions as to where to obtain certain services (i.e., professional accountants as opposed to others offering similar services.) In this context, we believe the issue of independence is perhaps the one aspect of the Code most likely to lend itself to global application, and would also like to refer to our more detailed comments below concerning a possible restructuring of sections 290 and 291 in this context.</p>	Comments shared with the Structure TF.
41.	IDW	We also believe that certain further factors not clarified in the Consultation may influence the adoption of the Code. Achieving a stable platform for a reasonable period of time as far as the further development of ethical provisions are concerned together with a commitment to cost : benefit considerations on the part of the IESBA would be advantageous in fostering adoption and implementation. Frequent changes in, or additions to, the Code together with the associated costs may be factors impeding the Code's application in practice. As neither of these aspects is clarified fully in the Consultation, we would suggest they be added to the list of key factors in paragraph 23 when finalizing the strategy and work plan (SWP).	See Section B of April 2014 Board issues paper re frequency of changes and needs assessment.
42.	IDW	<i>Maintaining IESBA's independence – Different stakeholder perspectives</i>	The proposed SWP recognizes the

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>We appreciate that, as pointed out in the Consultation, IESBA needs to maintain outreach to, and liaison with, the regulatory and auditor oversight community. The latter's findings of their inspections and investigations can, for example, pinpoint ethical aspects most commonly encountered in audit failures or deficiencies in the performance of other professional work and may thus be very useful to the Board in deliberating on specific matters it may need to address.</p> <p>However, as an independent standard setter working in the public interest the IESBA will need to be seen to be responsive to all its stakeholders and not be overly influenced by any one faction. In this regard we suggest the third strategic theme may need to reflect a better balance, since in explaining this theme, in paragraphs 15-16 and 49- 53, the Consultation focuses primarily on regulatory input.</p>	importance of taking into account the diverse perspectives of stakeholders and of engaging not just with regulators but also NSS, the profession, IFAC member bodies, etc. See also responses to comments from the April 2014 CAG teleconference (paragraph 6, Agenda Item 3).
43.	IDW	We welcome the emerging issues initiative outlined in paragraph 54 as well as the planned increase in engagement and cooperation with key stakeholders. In respect of the latter, we believe that the Board might chose not to limit this engagement to the actions described in paragraph 55 of the Consultation. Input from these stakeholders may also be relevant in respect of the third strategic theme "evolving the Code for continued relevance in a changing global environment".	Support and comments noted.
44.	IRBA	<ol style="list-style-type: none"> 1. We generally support the strategic themes set out in the consultation paper, since the quality of the ethical standards, their effective implementation, their relevance in a changing global environment and consideration of the key stakeholders' needs are necessary to foster the use of the IESBA Code of Ethics worldwide. 2. Although our focus as both audit regulator and the national standard setter standard is on the ethical conduct of registered auditors, including audit firms, more than 90% of our registered auditors are also Chartered Accountants (South Africa) and thus members of the South African Institute of Chartered Accountants (SAICA) which has also adopted the IESBA Code (2009), including Part C applicable to professional accountants (PAs). 3. Amongst other considerations, the global nature of the auditing profession, informed the IRBA's adoption of Parts A and B and Definitions of the IESBA 2009 Code in 2010, and we support the IESBA adoption initiatives. 	Support and comments noted.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>4. Many entities audited may well have CFOs and possibly CEOs who are professional accountants, whose conduct, if unethical, may directly or indirectly affect public interest, and hence impact on audit quality, and consequently, it is appropriate that all professional accountants be held accountable, to maintain high ethical standards as a profession.</p> <p>5. We are not however, directly interested in any revisions to Part C of the IESBA Code for professional accountants in business, that are not registered as statutory auditors and hence not directly interested in the IESBA work streams that will not have an direct effect the implementation of Parts A and B of the Code on the behavior of auditors.</p> <p>6. Furthermore, we are of the view that the first two key factors identified in paragraph 23 of the Consultation Paper, pertaining to the 'potential benefit to the public interest' and 'ensuring the particular action will further enhance public trust and confidence in the profession' in the global context, are the most important in decisions taken by the Board to prioritize its work streams. We believe that the acceptance of the Code, internationally, should primarily be driven by the quality of its content and its ability to contribute to the public interest.</p>	
45.	ISCA	We generally support the IESBA's proposed strategy and work plan (SWP) for 2014-2018. The SWP takes into account changes and expectations of stakeholders, ensuring that the Code of Ethics for Professional Accountants (Code) remains current and robust. The SWP also emphasizes on outreach to key stakeholders which is important to enhance the global acceptance of the Code as the default benchmark of ethical standards, including auditor independence rules.	Support noted.
46.	JICPA	We generally agree with the proposed SWP. One of the important objectives that the IESBA sets the Code of Ethics for Professional Accountants (the Code of Ethics or the Code) is to serve the public interest. An ever increasing number of stakeholders involved in the public interest draw concern to the IESBA activities. We believe that the proposed SWP appropriately responds to such stakeholders' concerns and enables the IESBA to serve the public interest.	Ditto.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
47.	KICPA	We are a strong advocate of the IESBA that strives to improve professional ethics and serve the public interest by developing high-quality professional ethics standards.	Ditto.
48.	KPMG	<p>We are pleased to have the opportunity to comment on the above Consultation Paper issued by the International Ethics Standards Board for Accountants (IESBA or the Board). We have consulted within the KPMG network in respect of this letter, which represents the views of the KPMG network.</p> <p>We support the IESBA's objectives of setting high-quality standards for professional accountants and facilitating the convergence of international and national ethics standards. In our view, the strategic themes identified by the Board are a strong base for achieving these objectives. However, we encourage the Board to consider taking the following actions to help ensure the continued global relevance of the Board and of its pronouncements:</p>	Support noted.
49.	KPMG	<p>1) Adoption of the Code by key jurisdictions</p> <p>We strongly encourage and support increased outreach by IESBA targeted specifically to obtaining increased global uptake and visibility of the Code. We believe that this is important to the future success of the Board and therefore needs to be a strategic priority. The extent to which a set of standards (e.g., the Code) is adopted by regulatory authorities and IFAC member bodies around the world is critical to the perceived relevance of these standards. Outreach activities should be focused on ensuring the Code is accepted, recognized and utilized globally by key jurisdictions.</p> <p>2) Determining the need for standards</p> <p>An important factor in influencing the level of global acceptance and convergence as it relates to the Code is maintaining high quality ethical standards that meet the needs of stakeholders and protect the public interest. When it appears that changes to the Code may be necessary, we agree that a formal needs assessment and consideration of a formal project proposal, based on consultation with stakeholders, should be undertaken. To be an effective needs assessment, it is important to both identify the relevant stakeholders and define the parameters of what is meant by acting in the public interest. The result will be a Code that is viewed as being sufficiently robust and a well-founded baseline for ethical</p>	See Section B of April 2014 Board issues paper re A&I and needs assessment.

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		standards in the global market.	
50.	KPMG	<p>3) Clarifying the meaning of the public interest in the context of the Code</p> <p>Recent challenges faced by the Board with proposed standards suggest differences of views amongst stakeholders as to the meaning of the public interest, to how in practice this responsibility applies to the various roles played by professional accountants and whether it varies depending on their role or nature of professional services provided. This is an area that would benefit from further clarification since it underpins the principles and requirements of the Code and can therefore influence the direction of future standards. It also differentiates professional accountants from other professionals who provide similar services but who are not required to follow the Code. We therefore encourage IESBA to consider how it can clarify what it means for public accountants to work in the public interest and why this defines our role and reputation.</p>	See Agenda Item 3, paragraph 8(3).
51.	Mazars	<p>Continual improvement is a prerequisite for a world leading standard setting professional body and we therefore welcome the Board's review of its standards to ensure they continue to reflect best practice.</p> <p>The process and frequency of consultation with stakeholders' is not always clear and consistent. We consider that consultation could be undertaken more frequently based on a shorter work plan than the one currently issued.</p> <p>The promotion of the Code and ensuring convergence of international and national ethics standards is of great importance to allow us to achieve full consistency across our whole integrated organization.</p> <p>We agree that the Strategic Work Plan must remain dynamic and responsive to any emerging issues which may have an Impact on the overall strategic direction of the Board.</p> <p>The Transnational Auditors Committee (TAC) of the international Federation of Accountants (IFAC) operates as the executive arm of the Forum of Firms (Fof, Forum), an association of international networks of accounting firms that perform transnational audits.</p> <p>In the next section we respond to the specific questions raised in the consultation paper. These responses are based on some general principles:</p> <ul style="list-style-type: none"> The evolution of the EU and PCAOB regulations on audit reform and the IAASB 	Support and comments noted. See Section B of April 2014 Board issues paper re frequency of changes.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>project on Audit Quality should be monitored and the impact on the code considered.</p> <ul style="list-style-type: none"> For Mazars, the changes in regulatory developments on the nature and extent of services which can be provided to audit clients are of great importance. The clarity of the Code is key for our organization which operates in 71 different countries worldwide with different languages and cultures. Ideally we would like to have all envisaged changes introduced to the code as one amendment rather than piecemeal, so as not to have to deal with different transition timelines. Multiple changes to the code with various different implementation dates as was the case in 2013, cause practical difficulties for members in implementing the new requirements. 	
52.	NAO	<p>There are a large number of SAls in which many professional accountants work. Many clients of SAls can be similar to listed or other public interest entities. The public and parliament expects that government adopt the most current and relevant financial reporting standards and for professional accountants operating within the public sector to be sufficiently qualified and members of relevant professional bodies. It therefore makes sense that auditors of public sector entities would be expected to not only to adopt the most current and relevant auditing standards but also to demonstrate compliance with the most relevant and current ethical standards. The IESBA Code of Ethics for Professional Accountants (the Code) and IESBA's proposed work program for 2014-18 is therefore of relevance to our work and the work of SAls globally.</p>	Comments noted.
53.	NASBA	<p>In general, we are supportive of the Proposed Strategy and Work Plan for 2014-2018. The four work themes are well thought out and serve the public interest. However, we have one significant comment that we would like the International Ethics Standards Board for Accountants to consider.</p>	Support noted.
54.	NASBA	<p><i>Structure of the Code</i></p> <p>While we recognize that support has been expressed to look at the structure of the code by respondents to the IESBA strategy survey, as well as comments received the IESBA CAG, we believe that significant changes to the IESBA code at this time would cause problems in the United States. The logic behind restructuring the IESBA Code, the direction that a</p>	Comments shared with the Structure TF. See also Section B of April 2014 Board issues paper re frequency of changes.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>restructured code might take, and the benefits of a restructured code are not clearly disclosed in the Proposed Strategy and Work Plan.</p> <p>The AICPA has just completed a major project to converge its Code of Professional Conduct with the IESBA Code. Now that this project is complete NASBA is working with State Boards of Accountancy to converge codes of professional conduct that are written into various state rules and statutes, with the newly adopted AICPA code, and in turn, the IESBA Code. We are concerned that a major effort to restructure the code at this time would cause confusion and set back the convergence efforts currently in process in the United States.</p> <p>We would like to commend members and staff of the International Ethics Standards Board for Accountants for the very public process by which the agenda of the board is set. The public is well served by this open process.</p>	
55.	NBA	<p>A high quality Code, which is supported by both the stakeholders and the accountancy profession, is essential for the public to trust that the accountancy profession acts in its interest. In order to meet this objective, we feel that the Strategy and Workplan of IESBA should result in five years' time in a Code that:</p> <ul style="list-style-type: none"> • has a structure that facilitates the adoption of the Code; • is principle based but sets clear borders on specific topics; • sets fundamental principles that apply for all accountants without distinction between accountants in public practice and other accountants; • makes no distinction between an audit, a review of financial statements and other assurance. 	Comments noted.
56.	NZAuASB	<p>The NZAuASB strongly supports the IESBA's prioritization of the restructuring of the Code, and the focus on the independence standards for audits of financial statements. The NZAuASB also supports the IESBA's decision to focus less on issuing new standards, and more on the completion of the current work streams and outreach to stakeholders to promote and facilitate the adoption and effective implementation of the Code. The NZAuASB further commends the Board's effort in recognizing the prevalent changes in the profession and the focus on working closely with the IFAC Small and Medium Practices Committee to seek input on projects of relevance to that constituency.</p>	Comments noted. See also Section B of April 2014 Board issues paper re A&I.

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>The NZAuASB notes that the International Auditing and Assurance Standards Board (IAASB) is also currently seeking comments on its proposed strategy, but that the IAASB's strategy period covers 2015-2019, which is different to the strategy period of 2014-2018 covered by IESBA. The work of the IESBA and the IAASB complements each other in that the IESBA provides high quality ethical standards for professional accountants, including independence requirements for assurance engagements. Given the strategic linkages between the two Boards, the NZAuASB encourages IESBA to continue to work closely with the IAASB, and to consider aligning the strategic planning timeframes of the two Boards more closely.</p>	
57.	NZAuASB	<p><i>Timeframe for completion of the restructure of the Code</i></p> <p>The NZAuASB notes that the expected completion of the restructure of the Code is June 2017. The NZAuASB acknowledges that the IESBA's agenda capacity is influenced by a number of factors and notes that the IESBA intends to prioritize the project on restructuring of the Code. The NZAuASB considers it is appropriate to devote more resources to fewer topics, and to move forward more quickly on those deemed to be most important and with the greatest potential to serve the public interest, such as the project to restructure the Code.</p> <p>It is important for the Code to remain relevant in the continually evolving context in which it is adopted and implemented. In the rapid change in environment there is a risk that a longer completion timeframe could result in a product that is out of date by the time it is ready for implementation. The NZAuASB therefore strongly recommends that the IESBA explores ways to complete the project sooner than the current expected completion date. A shorter completion timeframe for the restructure of the Code is essential for the IESBA to remain credible and to more effectively serve the public interest.</p> <p>The NZAuASB notes that in support of the IESBA's strategic theme of Increasing engagement and cooperation with key stakeholders, the IESBA plans to explore opportunities to cooperate or collaborate with its NSS liaison group on initiatives of mutual interest, leveraging the resources at their disposal. The NZAuASB strongly encourages the IESBA to consider this option as a way to move forward more quickly on the restructuring of the Code.</p>	Comments noted and shared with the Structure TF.

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>Example of an alternative structure</p> <p>As noted in the consultation paper, the IESBA has heard from stakeholders that the current structure and drafting convention of the Code have been an impediment to more rapid and wider adoption of the Code, and its more effective implementation around the world. It is therefore important that the Code is structured and written in a way that will be easier to understand and adopt. To assist the IESBA in its consideration of a suitable structure for the Code, the NZAuASB has attached in the Appendix the prior New Zealand Institute of Chartered Accountants (NZICA) Code of Ethics as an example of an alternative structure for the IESBA's consideration. The NZICA Code is substantially different in structure to the IFAC Code but not in content. The NZICA Code was replaced by the adoption of the IFAC Code in 2013 in New Zealand, in line with the strategic objective of the NZAuASB to adopt international standards. An overview of the structure of the prior NZICA Code of Ethics is as follows:</p> <ul style="list-style-type: none"> • The prior NZICA Code has been structured around five Fundamental Principles that form the basis of the behavior expected from all members. • Supporting each fundamental principle are a number of specific rules that prescribe aspects of the professional and ethical behavior expected. Compliance with these rules is mandatory for all members, although some Rules may be applied differently depending on whether a member is in public practice or in employment. • The Rules are, in turn, supported by guidance on the Application of the Rules. These "Applications" sections establish appropriate ethical behavior in a number of typical situations that can occur in the accountancy profession. Members that encounter an ethical issue that is covered in the Applications sections are expected to comply with the guidance provided. • The Rules and Applications are not intended to cover all circumstances where members may need to make decisions as to appropriate ethical conduct. In circumstances not specifically covered by the Code of Ethics, members must have regard to the Fundamental Principles and should be guided by any similar situations specifically covered by the Rules and Applications, and guidance provided. 	
58.	PAIBC	The PAIB Committee values the importance of the Ethics Board's work to professional	Support noted. See also Section B of

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		accountants in business. According to the PAIB Committee, the strategic themes for 2014–2018 seem appropriate—particularly in relation to communicating and supporting the appropriate application of the principles of the Code of Ethics for Professional Accountants (the Code). If the PAIB Committee were to choose a top priority, it would be "Promoting and facilitating adoption and effective implementation of the Code." Our recommendation is less change and more engagement to raise awareness of the requirements of the Code to aid effective implementation.	April 2014 Board issues paper re A&I.
59.	PAIBC	<p>The PAIB Committee is happy to offer the following additional suggestions.</p> <p>(i) Maintaining a high-quality Code of Ethics for application by professional accountants globally</p> <p>The proposed strategy indicates that the Ethics Board believes it is important to take into account the particular perspectives of the small- and medium-sized practice (SMP)/small- and medium-sized entity (SME) constituency when it sets standards. It, therefore, plans to liaise closely with the IFAC SMP Committee and seek its input on projects and initiatives of relevance. We feel the importance of taking into accounting particular perspectives also applies for professional accountants in business and, therefore, invite the Board to continue working closely with the PAIB Committee as well.</p> <p>(ii) Promoting and facilitating the adoption and effective implementation of the Code</p> <p>We are happy that the Ethics Board's focus is not only on issuing new standards but address outreach to promote the revised Code and raise awareness of its robustness among stakeholders. Individual professional accountants may find it difficult to apply the main principles of the Code and translate them into daily practice. Therefore, we call for additional efforts to ensure awareness by professional accountants themselves and help them adhere to the Code, for example, by supporting IFAC Member Bodies through the provision of best practice guidance, staff publications, etc., which can be adapted for their membership and coordinated through the IFAC Global Knowledge Gateway. This should be, in our opinion, a priority before reaching out to other stakeholders.</p> <p>The current work plan shows many projects to issue new standards, which are expected to continue over the full work period. Therefore, we are concerned that the awareness and support of professional accountants in adhering to the Code might not receive sufficient</p>	Comments noted. See also Section B of April 2014 Board issues paper re A&I.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>attention. The work plan lists this activity as another initiative instead of as a separate project stream. This introduces the risk of insufficient time and resources remaining to deal with this important issue.</p> <p>(iii) Evolving the Code for continued relevance in a changing global environment</p> <p>The PAIB Committee agrees with the Ethics Board that recognizing the importance of having a dynamic work plan enables it to respond to the new developments as they occur, which means maintaining flexibility.</p> <p>(iv) Increasing engagement and cooperation with key stakeholders</p> <p>The PAIB Committee believes that the actions in (ii) and (iii) above should support this, as they would or should reinforce each other.</p>	
60.	PwC	<p>We remain strongly supportive of the principles based approach adopted in the Code of Ethics (the “code”) and support the Board’s mission of setting ethical standards in an international context and, in particular, the objective of facilitating the convergence of international and national ethics standards.</p> <p>We set out below our overriding comments on the broader issues and the overall plan and provide some more detailed comments on some of the specific matters in the attachment. Some of the comments duplicate comments we made more informally in response to the Board’s early 2013 Strategy Survey. We hope that these observations will be helpful to the Board as it further develops its thinking and plans.</p>	Support and comments noted.
61.	PwC	<p><i>Need for a clear vision and framework for further development of the Code of Ethics</i></p> <p>We believe that it would be very helpful to the Board, and indeed stakeholders, if the Board could develop a clear articulation of its vision and objectives, including the development of a framework, or set of principles, against which to make decisions about future activity and in particular regarding areas of the code which might need to be re-considered. This would provide a necessary “rudder” or “compass” for the Board as it deliberates its action plans and help in discussions with stakeholders.</p> <p>The Board should be clear on the purpose of its standard setting and what it is trying to achieve, recognizing that the code is an international standard whose primary aim should surely be to assist the proper functioning of the capital markets and to meet the</p>	See Section B of April 2014 Board issues paper re vision and framework.

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>expectations, as far as is possible, of stakeholders collectively. With major jurisdictions and certain regions setting their own independence standards consideration needs to be given to whom the intended audience for the code is.</p> <p>It is unclear where the Board wishes to set or position its “standard” of ethical behavior. There is reference to “high-quality ethical standards” but this provides no indication of the level at which the Board wishes to set the standard. “High-quality” could just mean well written. Para 4 makes reference to a “leading set of ethical standards for the global profession”. What is not clear, at least in relation to independence, is whether IESBA is aiming for the toughest standard (which would likely require constant benchmarking and reaction to regulatory enhancements which raise a particular bar in a jurisdiction and could well prove difficult in practice given debate about whether a threats and safeguards approach is tougher or not than explicit prohibitions), the “lowest common denominator” (as some have, we understand, unfairly referred to the code as) or, perhaps, a common foundation standard of independence that is to be expected of an external auditor to meet the public expectation that independence in fact and appearance is not compromised, recognizing that individual jurisdictions may go further depending on their local circumstances.</p>	
62.	PwC	<p><i>Need to manage further changes to the code and ensure there is persuasive evidence and rationale for considering new projects</i></p> <p>Whilst we appreciate a desire to be “dynamic” and “flexible” and to be alert to new developments, we have the sense that the addition of new workstreams tends to be responsive primarily to comments and observations the Board receives from individual stakeholders, notably regulators, as opposed to being driven by persuasive evidence that there is something inherently wrong with the current standard or that something needs fixing. The current review of the provisions on partner rotation would seem to be an example of this. Furthermore, a new regulatory requirement in a particular jurisdiction is not of itself evidence of a need for change to the international code.</p> <p>We believe that the Board should be very careful in managing or reacting to perceptions. Reacting to specific concerns from stakeholders regarding their perceptions runs the risk:</p> <ul style="list-style-type: none"> • that the code moves away from the principles (which are entirely appropriate for an 	See Section B of April 2014 Board issues paper re frequency of changes and needs assessment.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>international code) towards more of a rules based approach (which, if necessary, should be the purview of national regulators),</p> <ul style="list-style-type: none"> that the framework develops over time as a patchwork rather than a coherent set of principles, and that changes to the code results in cost and disruption to stakeholders, including companies and IFAC member bodies, out of proportion to the likely benefits. <p>2013 saw the introduction of three changes to the code, all with different application dates, of which two were significant changes (relating to breaches and conflicts of interest). This, taken together with future action plans, gives the impression that the Board is frequently changing the code, sometimes without a clear articulation of the merits and benefits of doing so, at a time when key stakeholders, including member bodies, have argued for a period of stability at least as regards the independence provisions. This has the potential to undermine the credibility of the code.</p> <p>The current code has only been effective since 2011 and thus there has been relatively little time to assess its effectiveness. We are not aware of any empirical evidence that the code is it not effective. As an example, key audit partners may only just be completing a required two year rotation cooling off period for PIE audits, and yet the Board is already considering changes to the requirements. We strongly believe that changes should be made only once the Board has undertaken a post implementation review of the current standard. We urge the Board to properly allow the current independence provisions to settle in and to be vocal in support of its current standard.</p>	
63.	PwC	<p><i>Efforts should be focused on convergence rather than change</i></p> <p>The Board has established a sensible and robust independence standard, including significant prohibitions, and we recommend that efforts are expended on promoting the code and seeking greater convergence. Any further proliferation of regional or national differences in ethical requirements can only undermine market confidence in the assurance product.</p> <p>It is important that the Board works closely with Compliance Advisory Panel to seek timely and consistent adoption by member bodies of the code to achieve consistency, to avoid</p>	See Section B of April 2014 Board issues paper re A&I.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>national differences as far as possible and to achieve a level playing field around the world.</p> <p>As the Board has discussed in the past, we encourage the Board to liaise with member bodies (and others) with a view to them adopting independence provisions that would, at least, recognize compliance with the IESBA code outside their jurisdiction in relation to multi-national audits. This would limit of impact of increasingly diverse national standards, something we do not regard as in the interests of investors and others as it raises uncertainty and confusion about what independence standards have been applied and suggests that there can be more than one acceptable level of independence.</p>	
64.	SAICA	<p>In general (and except for the specific concerns detailed below), we support the IESBA's proposed strategy and work plan.</p> <p>We are however, concerned about the realistic achievability of the proposed work program as based on paragraph 31, bullet 2, there are only three permanent technical staff members, each with the capacity to support two projects, for a theoretical maximum of six live projects at any given time. Importantly, this commitment does not include the following additional initiatives that may take up considerable proportions of available staff time: emerging issues, staff publication and outreach (paragraphs 47, 48 and 54).</p> <p>While there is, on the face of it, no immediate indication of the theoretical capacity limit being exceeded, scrutiny of Appendix 3 suggests a measure of vulnerability arising from unforeseen delays to any aspect of the planned scheduling.</p> <p>Apart from the IESBA's permanent staff capacity, we believe that the achievement of the proposed program is dependent on (inevitably uncertain) volunteerism, as well as the goodwill, interest and commitment of others, such as national standard setters, technical advisors and external experts as listed under paragraph 31. Based on this, it makes it difficult to make a realistic assessment of the reasonableness of the planned workload.</p>	Support and comments noted.
65.	SMPC	We welcome the proposed consultation paper and believe that the strategic themes identified for the period 2014-2018, the actions identified with respect to each strategic theme and their relative prioritizations are appropriate.	Support noted.
66.	SMPC	In regards to other actions that the Board should consider for the 2014-2018, when responding to the IESBA Strategy Survey in March 2013, and in our previous comment	See Section F of April 2014 Board issues paper.

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>letter on the IESBA Proposed Strategy and Work Plan 2015-2018, we encouraged the IESBA to prioritize a project on guidance on the meaning of public interest in the context of the Code of Ethics for Professional Accountants (the Code). We note that the Board has previously discussed this matter and determined this does not warrant prioritization. Indeed, it confirmed in its December 2013 meeting that this matter was not open to be re-considered. However, we maintain our view that this project is very important and the Board should give further consideration to addressing the notion of "public interest" more explicitly in the Code as part of its next work plan.</p>	
67.	SMPC	<p>We have the following additional comments:</p> <p><i>Priority to the "Structure of the Code" project</i></p> <p>It is stated that one of the key assumptions in developing the strategy and work plan is that the Board will determine to proceed with the Structure of the Code initiative as a formal project on a high priority basis (paragraph 29). We believe that this initiative is extremely important as it will help to enhance the usability and hence relevance of the Code. The decision to make this project a priority is welcomed. We note that the Board has stated that it will not underestimate the amount of work in this project and the way forward is subject to the final working group report and not yet formally confirmed (paragraph 41). We urge the Board to ensure that this project remains high on its priority list, the expected start date (Q2 2014) is maintained and resources are sufficiently allocated to keep the project on schedule.</p> <p>A restructured Code will be useful to legislators seeking to compare legal provisions and professional codes with the IESBA Code. For example, it may facilitate legislators in the identification of those parts already covered and those parts they may choose to adopt/transpose into national requirements and, in doing so, foster the harmonization of high quality ethical practices. The present structure of the IESBA Code renders such a comparison difficult.</p> <p>It will be particularly important when undertaking this project to ensure that those provisions that apply to professional accountants in business are easily identifiable and separate from those that apply to SMPs. Our understanding is that professional accountants in business employed within SMEs 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</p>	Comments shared with the Structure TF.

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>requirements the greater the odds of increasing adoption within this constituency.</p> <p>There are also a range of matters where differentiation from those not subject to the Code can be clearer and more visible in a restructured Code. This would also serve to help clients see what to expect from their SMP practitioners and build their confidence and trust in professional accountants that conform with the Code, particularly given the fact that in many jurisdictions SMPs may be competing with non-professionals or others who are not subject to similarly stringent ethical values.</p>	
68.	SMPC	<p><i>Engagement with key stakeholders</i></p> <p>The fourth strategic theme for 2014-2018 identified by IESBA is "Increasing engagement and cooperation with key stakeholders". As stated in paragraph 55, in order to serve that purpose the IESBA will strengthen its working relationship with IOSCO, IFIAR, NSS liaison Group, IAASB, IAESB, Forum of Firms, SMP Committee, PAIB Committee and other committees.</p> <p>In addition to the above mentioned groups, it is also important for the IESBA to outreach to the general public and legislators to promote their awareness and knowledge on the IESBA Code. This helps to enhance public confidence and hence relevance to IESBA and its Code. We believe that the IESBA should consider setting aside adequate time and resource for doing so, when developing its work plan.</p>	See Section B of April 2014 Board issues paper re A&I.
69.	SMPC	<p><i>Evolving the Code for Continued Relevance in a Changing Global Environment</i></p> <p>We agree with the principle that it is important for the Code to remain relevant as the global environment evolves and changes. We recognize the importance of regulatory developments impacting this strategic area, but believe it is also essential that these issues should not dominate any future development and that the wider engagement with key stakeholders identified as part of the third strategic theme is imperative to ensure there is a balanced approach going forward. Thus, the Board should recognize that there are more than the two respects of the changing global environment highlighted (paragraph 15) which should be considered as directly impacting the Code. The Board's credibility rests on its independence, both in fact and appearance. The increased engagement and cooperation with stakeholders should assist in guarding against any potential bias towards the</p>	See Section B of April 2014 Board issues paper re needs assessment, and proposed SWP re importance given by the Board to taking into account input from diverse constituencies.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		developments and/or demands of a minority of its constituents.	
70.	SMPC	<p>Fee dependency</p> <p>We note that the Board plans to initiate a new work stream on fee dependency in the next strategy period. This project will be of particular interest to the SMP Committee predominately given concerns raised that 'scope creep' may enter into the non-public interest audit realm when the nature of any new provisions should be focused on publicly listed entities.</p>	See Section E of April 2014 Board issues paper.
71.	SMPC	<p>SMP/SME consideration</p> <p>We welcome paragraph 10 that highlights that the Board believes it is important to consider the perspectives of the SMP/SME constituency when it sets standards and that it plans to liaise closely with the SMP Committee. Under the IESBA-SMPC Statement of Liaison Principles, we look forward to working with IESBA to ensure the concerns from SMP/SMEs are considered at an early stage in the standard setting process.</p> <p>In addition, we note that the Board intends to undertake a comprehensive review of the safeguards in the Code (paragraph 35). We welcome this initiative as the SMP sector has previously expressed difficulties in employing safeguards which involve segregation of duties, mainly due to the limited number of staff. We look forward to working with the Board on this new work stream, which is anticipated to begin in 2015.</p>	Support noted.
72.	SMPC	<p><i>Balancing the burden of change to the Code</i></p> <p>We note and welcome the comment that the IESBA will be sensitive to balancing the burden of change to the Code and the likely benefit to the public interest of pursuing such change (paragraph 11). Keeping up with new regulations and standards has been consistently ranked as one of the top challenges facing SMPs in the Quick Poll surveys conducted by IFAC. This finding supports the view that both the costs and benefits of changes to the Code should be robustly assessed and where possible, the Code should not continually be changed, but rather there is a stable platform for adoption and implementation for a period of time.</p>	See Section B of April 2014 Board issues paper re frequency of changes.
73.	SMPC	<i>Long Association</i>	Comments shared with Long

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>We have closely followed recent developments around the world on external auditor rotation and recognize the different views and approaches taken to this issue. For example, we acknowledge that the European Parliament and EU Member States reached a preliminary agreement on a revised Directive and a new Regulation for the statutory audit of public-interest entities (PIEs) in December 2013, which will introduce mandatory rotation of audit firms. In contrast, developments and discussions in the U.S. indicate less appetite for such solution, given concerns about audit quality. These and other recent developments mean that this issue may not be such a key subject to debate as would have been the case a short time ago. We would encourage the Board to recognize the developments and give due consideration to the amount of resources it allocates to pursuing this project and the level of priority it is now given.</p> <p>As IESBA progresses this project, we would urge the Board to consider the SMP Committee's views, in particular on matters of rotation and the "cooling off" period. Developments on this project could have significant impact on SMPs with a small number of partners and those SMPs that audit listed entities and charities.</p>	Association TF.
74.	WPK	<p>A. General Remarks</p> <p>WPK highly appreciates – as called for in several of its previous comment letters – that IESBA is committed to taking into account the particular perspectives of the SMP constituency when it sets standards (para. 10 CP). In this context, the recent finalization of the statement of liaison principles with the IFAC SMP Committee is an excellent step forward.</p> <p>We do also value the Board's intention to continue to increase its engagement and cooperation with its key stakeholders in its standard-setting process (para. 18, 55 CP). From our point of view, by means of such a cooperation the unique experience of the various stakeholders in general and the member bodies in particular would be utilized for the sake of enhancing the quality of the standards. Against this background, the three already scheduled roundtables in 2014 concerning the project to address professional accountants' responsibilities regarding the disclosure to an appropriate authority of suspected non-compliance with laws and regulations is highly welcomed. These roundtables might also serve as a model for</p>	Support and comments noted.

SWP – Compilation of General Comments on Consultation Paper
IESBA Meeting (July 2014)

#	Respondent	Respondent's Comment	Proposed Resolution/Noted
		<p>other important projects of IESBA. It might be worth considering to carry out such roundtables or at least guarantee an involvement of key stakeholders not only during ongoing projects, but also even before they get started to gain more information and a better understanding about the need and the urgency of a potential new project.</p> <p>Also the various outreach activities planned by the Board (para. 47 CP) will raise awareness of the Code of Ethics (hereinafter referred to as "CoE") among stakeholders thereby contributing to achieving greater acceptance of the CoE as a high ethical benchmark globally and facilitating convergence of international and national ethics standards. In addition, the commissioning of staff publications relating to issues of particular interest could also contribute to even more familiarizing the stakeholders with the CoE and raise awareness of its robustness.</p> <p>We also noted positively from the CP that the SWP is deemed by the Board as dynamic (para. 5, 20 CP). This prerequisite is essential since changes and new developments, respectively, can happen quickly nowadays and may call for a reconsideration of the strategic themes and actions. To anticipate or assess these changes and new developments, the recent establishment of the emerging issues and outreach working group is also viewed very positively by WPK.</p> <p>Having made these general remarks, we would like to provide you with our comments on specific projects of the SWP in the following.</p>	