

IESBA Strategy 2019-2023—Draft Survey

Background

1. At the December 2016 meeting, the Board considered the approach to, and content of, the survey of stakeholders for purposes of developing its Strategy and Work Plan (SWP) 2019-2023.
2. Board participants provided suggestions on additional groups of stakeholders who could be targeted in the survey, including:
 - Associations of those charged with governance such as institutes of directors and regional corporate governance organizations
 - Professional and academic ethics organizations
 - Members of the International Organization of Supreme Audit Institutions (INTOSAI)
 - Organizations affiliated with IFAC member bodies
 - Other professional organizations not already on the CAG, such as the International Fiscal Association and taxpayer associations
3. The Board also encouraged staff to reach out to regions such as Africa and South America that do not often contribute views to the Board's consultations. It was also suggested that consideration be given to promoting the survey to various media within and outside the profession.
4. Taking into account the input from the Board, staff has updated the list of stakeholder groups that will be targeted (see Appendix 1). In addition, staff will liaise with the IFAC Communications Department to arrange as wide a distribution of the survey as possible (including geographically) and to promote it to appropriate media outlets.

Content of Survey

5. In relation to standards-related projects or initiatives, the Board noted a number of commitments that will likely continue beyond 2018 or start in the new strategy period. These include:
 - Professional skepticism (in coordination with the International Auditing and Assurance Standards Board (IAASB) and International Accounting Education Standards Board (IAESB))
 - Fee-related matters
 - Collective investment vehicles
 - Non-assurance services
 - NOCLAR post-implementation review
 - Long association post-implementation review
 - Alignment of extant Section 291¹ (Part 4B of the restructured Code) to ISAE 3000 (Revised).²

¹ Extant Section 291, *Independence – Other Assurance Engagements*

² International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

- Development of the e-Code
6. In addition, some capacity may need to be reserved to address any matters arising from the Board's ongoing coordination with the IAASB regarding topics or issues that overlap both Boards' remits.
 7. The Board then considered a wide range of topics that could be included in the survey, comprising:
 - (a) Matters for Board attention identified as part of the Structure and Safeguards projects;
 - (b) Matters identified in other current projects for future Board consideration;
 - (c) Matters raised by stakeholders;
 - (d) Selected matters identified during the previous strategy consultation that did not make it into the current SWP; and
 - (e) Selected matters identified by the Part C Working Group in its December 2012 final report.
 8. Among other matters, Board participants raised the following comments or suggestions:
 - The survey should address trends and developments in the external environment that could give rise to significant new ethical issues for the profession, in particular:
 - Disruptions arising from technological developments and innovation such as data analytics, robotics, artificial intelligence, social networks and cloud computing, which could give rise to questions in areas such as professional competence and due care, professional behavior and confidentiality.
 - Emerging or newer models of service delivery such as managed or outsourced services.
 - Aggressive tax avoidance or tax minimization strategies that raise ethical questions.
 - A reconsideration of the definition of a public interest entity (PIE) should include consideration of the implications of any changes on how the Code addresses PIEs, e.g., in relation to prohibitions. Nevertheless, any review of the definition should have regard to the fact that jurisdictions have a right to define (and many already do so) the concept of a PIE for their specific purposes.
 - Setting aside the potential need for coordination with the IAASB, given that questions have been raised by stakeholders the survey should seek stakeholder views on the merit of a project to clarify the meaning of the concept of the global public interest from the perspective of the Code.
 - The description of the topic of materiality should make clear what specific issues have not yet been considered, beyond the clarifications made as part of the Safeguards project.
 - Not all the issues may need to be addressed through changes to the Code. Other ways should be explored, including issuance of staff publications and targeted outreach.
 - While documentation is important, an over-emphasis on it could detract from the need to apply critical thinking when facing ethical issues.
 - Some of the topics identified, such as contingent fees, are very narrow in scope and may not warrant inclusion in the survey, or might be part of broader projects.

- With respect to the topic of breaches of the Code, the survey should explain that it would be a follow-up on feedback received from stakeholders as opposed to a new project addressing breaches.
- The possible topics to include in the survey could be organized under the four strategic themes in the current SWP. In addition, some of the topics might be grouped together as “clarification items” or matters to ensure alignment with IAASB standards.

9. The draft survey questionnaire incorporating Board input is set out in Appendix 2.

Matters for Consideration

1. IESBA members are asked:
 - (a) Whether they agree with the Planning Committee’s recommendations for items to be included in the survey, and their descriptions and categorizations; and
 - (b) Whether there any other matters that should be covered in the survey.

Other Matters

Allowing Time for Changes to the Restructured Code to Bed Down

10. The Planning Committee recognized that there remains considerable concern among some stakeholders, particularly small and medium practices (SMPs) and others who adopt and implement changes to the Code, regarding standards overload. Further, with the extensive changes that will be reflected in the restructured Code, including substantive changes from revisions projects that were recently or will soon be completed, firms, national standard setters, IFAC member bodies and professional accountants will need sufficient time to digest these changes and to ensure that implementation of the changes is effective. The Planning Committee therefore recommends that for any new changes to the Code issued after the completion of the Structure of the Code project, the Board consider not making them effective before June 15, 2020, i.e. a little over two years after the anticipated issuance of the restructured Code.
11. This position does not mean that the Board would need to halt work on current projects or initiatives or defer the start of potential new projects. Rather, any further changes to the Code after completion of the restructured Code would not become operative for at least two years after the issuance of the restructured Code. Subject to the Board’s concurrence, the Planning Committee recommends that this message be conveyed upfront in the survey to pre-empt any concerns from stakeholders about the burden of frequent changes to the Code.

Matter for Consideration

2. IESBA members are asked whether they agree with the Planning Committee’s recommendation for a two-year pause before any new changes to the Code become effective after the issuance of the restructured Code, and to communicate this to stakeholders in the survey.

Post-Implementation Review for the Restructured Code

12. At its February 2017 meeting, the Standards Coordination Working Group (SCWG) of the International Forum of Independent Audit Regulators (IFIAR) strongly suggested that the Board plan

for a post-implementation review of the restructured Code, given the importance of the restructuring work and its objectives. The IFIAR SCWG noted that the IAASB undertook such a post-implementation review of its clarified ISAs after the completion of its Clarity project.

13. While the Board has not yet discussed the need for such a review, the Planning Committee believes that there is merit in considering such a review after a reasonable time period of application of the restructured Code and that at a minimum, it should be included in the survey to seek stakeholders' views as to its importance.

Matter for Consideration

3. IESBA members are asked whether they support a potential post-implementation review of the restructured Code and for its inclusion in the survey.

APPENDIX 1

Targeted Stakeholders

Stakeholder groups who will be surveyed include the following:

- Current and former IESBA members and technical advisors
- IESBA CAG member organizations
- Other IFAC Public Interest Activity Committees
- National standard setters
- IFAC members and associates, and organizations affiliated to them
- Regulatory and oversight bodies
- Firms and their representatives, including the Forum of Firms and the IFAC SMP Committee
- Associations of those charged with governance, including institutes of directors and regional corporate governance organizations
- Representatives of the community of professional accountants in business (PAIBs), including the IFAC PAIB Committee
- Investor organizations
- INTOSAI members
- Associations of academics
- Professional and academic ethics organizations
- Other professional organizations not already on the CAG, such as the International Fiscal Association and taxpayer associations
- Respondents to previous IESBA consultations who are not included above

APPENDIX 2

Draft IESBA 2019-2023 Strategy Survey Questionnaire

The IESBA is conducting a strategic review to develop a new strategy and work plan for the period 2019-2023. It is seeking the views of interested parties at an early stage to identify key issues for discussion during this review.

Please complete this survey by **[May 31, 2017]**. All comments will be considered a matter of public record.

Section A: Classification

1. **In which country or jurisdiction are you or your organization located?**

2. ***Please provide the following contact information:***

Your name and job title/role: _____

Your email address: _____

Your organization's name: _____

3. ***From which perspective are you providing this online feedback?***

- Professional accountant in public practice
- Professional accountant in business (but not in government)
- Professional accountant in the public sector or government
- Regulator
- Audit oversight body
- Investor or investor representative
- Corporate governance (e.g., audit committee member)
- Other users of financial statements (e.g., Customer, Creditor/Supplier, Lender), please specify: _____
- Standard setter
- Representative of an IFAC member body
- Academia
- Other, please specify: _____

Section B: Background

Pause in New Changes to the Code Becoming Effective

The IESBA recognizes that there is concern among stakeholders regarding standards overload. Further, with the changes that will be reflected in the restructured Code (including from recent and current revisions projects), firms, national standard setters, IFAC member bodies and professional accountants will need time to digest and implement these changes. The IESBA therefore agreed that new changes to the Code after the completion of the Structure of the Code project in December 2017 will not become effective before June 15, 2020 unless there is an urgent need to respond to new or unforeseen circumstances.

Pre-existing Commitments

The IESBA has a number of pre-existing commitments related to standard setting or the Code more broadly that will likely continue beyond 2018 or start in the new strategy period. These include the following:

Commitment	Description
<i>Commitments Arising from Decisions on Recently Finalized Standards and Public Interest Oversight Board (PIOB) Input</i>	
Non-assurance services (NAS)	The PIOB, in approving the limited changes to certain NAS provisions in the Code in March 2015, has called on the IESBA to revisit issues on auditor independence from a broader perspective, including prohibited NAS and the role of those charged with governance in approving NAS.
Fee-related matters	Explore fee-related matters raised by the regulatory community and determine whether there is a need for further enhancements to the Code or the commissioning of staff guidance. This is a commitment in the SWP 2014-2018. Fact finding work was brought forward to 2016 in response to PIOB input.
NOCLAR post-implementation review	In finalizing the provisions in the Code addressing non-compliance with laws and regulations (NOCLAR) in April 2016, the IESBA committed to undertake a post-implementation review to assess how effectively the implementation of the provisions around the world is meeting the objectives of the project.
Long association post-implementation review	In finalizing the revised long association provisions in December 2016, the IESBA committed to review Sections 540 and 940 of the restructured Code to take account <i>inter alia</i> of relevant legislative and regulatory developments relating to long association as well as experience of the application of the sections in practice.

Commitment	Description
Active Projects or Initiatives, and Commitments in the Current Strategy and Work Plan	
Professional skepticism (PS)	<p>The IESBA is participating in a tripartite Working Group with the International Auditing and Assurance Standards Board (IAASB) and the International Accounting Education Standards Board (IAESB) to explore appropriate standard-setting responses to calls from regulatory and other stakeholders to enhance auditors' application of PS.</p> <p>Separately, the IESBA has been exploring how best to respond to calls from certain stakeholders for enhancement to the application of PS among professional accountants more broadly in the Code. For example, some respondents to Phase 1 of the IESBA's Part C project have suggested that the Code should emphasize the need for professional accountants in business (PAIBs) to exercise adequate PS throughout the process of preparing, presenting or filing information. Other stakeholders have argued that PAIBs should always maintain PS and that the concept should not be limited to auditors.</p>
Collective investment vehicles (CIVs)	Review the application of the "related entity" definition in the Code to CIVs when firms audit the underlying funds, the sponsor/advisor of the funds, or both, and consider whether changes are needed or whether further guidance should be developed. Work on this SWP 2014-2018 commitment has not yet started.
Coordination with the IAASB on cross-over topics or issues (in addition to work on professional skepticism)	Consider the need for appropriate action to complement any actions the IAASB may undertake to contribute to enhancing audit quality. This is an ongoing commitment in the SWP 2014-2018.
New Commitments Arising from Discussions on Current Projects	
Alignment of extant Section 291 ³ (Part 4B of the restructured Code) to ISAE 3000 (Revised). ⁴	Review extant Section 291 for any changes needed to align with the revised assurance terms and concepts in ISAE 3000 (Revised). The need for this review has been identified during the restructuring of the Code but is outside the remit of the Structure project. To avoid delaying completion of that project,

³ Extant Section 291, *Independence – Other Assurance Engagements*

⁴ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

Commitment	Description
	the IESBA has agreed to defer the review until after the extant Code has been restructured.
Development of the e-Code	Leveraging the new structure of the Code and developments in technology, explore additional features and tools that could be developed to increase the accessibility, ease of use and value of the Code.

Section C: Possible Future Standards-Related Projects or Initiatives

This part of the survey asks you to indicate the priority of the following possible future projects or initiatives, grouped under two of the strategic themes in the IESBA's SWP 2014-2018. In addition, it includes as a possible broader item in the future SWP the development of guidance regarding the meaning of the global public interest from the perspective of the Code.

If undertaken, not all initiatives will necessarily result in changes to the Code as a proper needs analysis supported by appropriate research will be needed. In addition, some initiatives might lead to the development of IESBA Staff guidance as opposed to changes to the Code.

At the end of this section, the survey provides an opportunity for comment on any aspects of the items covered in this section.

I. EVOLVING THE CODE FOR CONTINUED RELEVANCE IN A CHANGING GLOBAL ENVIRONMENT

1. Trends and developments in technology and innovation
2. Emerging or newer models of service delivery
3. Aggressive tax avoidance

II. MAINTAINING A HIGH-QUALITY CODE FOR APPLICATION BY PROFESSIONAL ACCOUNTANTS GLOBALLY

Substantive Topics

4. Definition of the terms "public interest entity" and "listed entity"
5. Materiality
6. Communication with those charged with governance
7. Familiarity threat in relation to extant Part C

Topics Relating to Ongoing Maintenance of the Code

8. Breach of the Code
9. Documentation
10. Definitions and descriptions of terms
11. Post-implementation review of the restructured Code

III. OTHER

12. Concept of global public interest

Please rank how important, in your view, these projects are achieving the IESBA's objective of setting high-quality ethics standards for professional accountants.

I. EVOLVING THE CODE FOR CONTINUED RELEVANCE IN A CHANGING GLOBAL ENVIRONMENT

C.1 Trends and Developments in Technology and Innovation

This initiative would seek to understand the transformative effects of trends and developments in technology and innovation on the accounting and finance functions, and explore their related ethical implications.

Recent trends and developments in technology and innovation such as data analytics, emergent artificial intelligence, social networks and cloud computing are causing disruptions in how professional accountants and firms undertake their work, including how they carry out their duties, deliver professional services and evolve their business models. Data analytics, for example, is impacting how firms perform audit engagements, with stakeholders such as the audit oversight community as well as the IAASB actively considering how they should respond.

As a result, a number of questions have arisen regarding the ethical implications of these trends and developments, for example:

- Would new ethics standards be needed to address emergent patterns of social behavior caused by technological disruptions?
- What does independence of mind, integrity, objectivity and professional behavior mean when reliance is placed on machine anticipation, synthesis and deduction in the context of, for example, assessing audit evidence or providing strategic, financial or operational advice to clients?
- What ethical issues arise from developments in information and communication technologies, for example, with respect to compliance with data privacy or intellectual property laws and regulations?
- What are the ethical implications for professional competence and due care with respect to the use of innovative technological tools in the performance of professional duties or the delivery of professional services?
- What ethical questions arise with respect to ownership of data when the information is stored in the “cloud” or processed and transmitted by third party providers located in different parts of the world?

This initiative might involve the IESBA exploring the issues through the development of appropriate discussion papers or thought pieces.

How important is this project or initiative?

- ☐ Very important
- ☐ Important
- ☐ Neither important nor unimportant
- ☐ Unimportant
- ☐ Very unimportant

C.2 Emerging or Newer Models of Service Delivery

This initiative would seek to explore the ethical implications of emerging or newer models of service delivery such as managed or outsourced services that are predominantly but not exclusively used by larger firms.

The questions that arise might concern all five of the fundamental principles in the Code as well as independence, for example:

- What are the ethical implications for management responsibility when firms take over the management of entire operating functions of client entities, such as company secretarial or corporate taxation?
- Are there any conflict of interest implications at the staff level when firms absorb entire staff teams on their payroll from their clients as a result of entering into a contract for a managed service, for example, managing the corporate taxation function of a multi-national client?
- What are the implications with respect to compliance with the fundamental principles and independence when firms outsource aspects of their audit engagements to external providers?
- What are the implications for responding to non-compliance with laws and regulations when audit or other work is outsourced to providers based in foreign jurisdictions?

How important is this project or initiative?

- ☐ Very important
- ☐ Important
- ☐ Neither important nor unimportant
- ☐ Unimportant
- ☐ Very unimportant

C.3 Aggressive Tax Avoidance

This initiative would seek to explore the topic of aggressive tax avoidance notwithstanding the legality of the tax mitigation schemes or related transactions that are employed in achieving the desired tax avoidance outcomes. This issue has made headlines in recent years in a number of jurisdictions, with questions raised as to the ethical implications for professional behavior in particular when firms provide advice on tax minimization strategies that are perceived as “aggressive.” The issue has risen to such a level of importance that it has been discussed on the G-20 agenda.

The initiative might involve the IESBA considering the need for off-Code guidance.

How important is this project or initiative?

- ☐ Very important
- ☐ Important
- ☐ Neither important nor unimportant
- ☐ Unimportant
- ☐ Very unimportant

II. MAINTAINING A HIGH-QUALITY CODE FOR APPLICATION BY PROFESSIONAL ACCOUNTANTS GLOBALLY

C.4 Definition of the Terms “Public Interest Entity” and “Listed Entity”

The extant Code defines the term public interest entity (PIE) as either a listed entity or an entity (a) defined by regulation or legislation as a PIE or (b) for which the audit is required by regulation (which may be promulgated by any relevant regulator, including an audit regulator) or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities.

Some regulatory stakeholders such as the International Association of Insurance Supervisors (IAIS) and the Basel Committee on Banking Supervision have suggested that the definition of a PIE should be re-examined from the perspective of financial institutions, including banks. In addition, other regulatory stakeholders such as the International Organization of Securities Commission (IOSCO) have noted that many jurisdictions do not appear to have the capacity to tailor the definition to their specific national circumstances.

Related, the extant Code defines a “listed entity” as an entity whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body. Some stakeholders have questioned the meaning of the term “recognized stock exchange” in this definition, for example, whether it is intended to be the same as, or broader than, the concept of a “regulated market” in the definition of PIEs in the EU audit legislation. It was noted that some might perceive a difference as in practice exchanges exist that are informal and outside of the scope of regulation. In addition, there might be a need to reconsider the definition given broader developments in capital markets in various jurisdictions and newer forms of capital raising such as crowd funding.

This initiative would therefore seek to explore whether the definitions of these two terms should be revised and the implications of any changes on how the Code addresses PIEs and listed entities, for example, in relation to prohibitions.

How important is this project or initiative?

- ☐ Very important
- ☐ Important
- ☐ Neither important nor unimportant
- ☐ Unimportant
- ☐ Very unimportant

C.5 Materiality

Materiality is a concept that applies across the Code. While the IESBA is proposing new application material in the [Exposure Draft](#) of Phase 2 of its Safeguards project (paragraph 600.5 A1) to explain materiality in relation to NAS provided to audit clients, the Code refers to materiality in other areas, for example, in relation to other independence matters. For instance, proposed restructured Section 510 addressing financial interests states that “for the purposes of determining whether such an interest is material to an individual,

the combined net worth of the individual and the individual's immediate family members may be taken into account."

During its previous strategy consultation, the IESBA had also received suggestions relating to the topic of materiality, for example, the provision of guidance on how to evaluate materiality with respect to material breaches of the Code.

Accordingly, a broader consideration of how the concept of materiality should be applied in the context of the full Code, and not just in relation to NAS, might be needed and might require coordination with the IAASB and the International Accounting Standards Board.

How important is this project or initiative?

- ☐ Very important
- ☐ Important
- ☐ Neither important nor unimportant
- ☐ Unimportant
- ☐ Very unimportant

C.6 Communication with Those Charged with Governance

This involves consideration of possible enhancements to the Code regarding auditor communication with those charged with governance, including:

- Whether the Code should include a holistic framework for communication with those charged with governance.
- Whether to expand the scope of required communication, for example, going beyond listed entities to cover all public interest entities, and whether to require specific matters to be covered in the communication.⁵
- The role of those charged with governance in approving NAS provided to audit clients (a matter the IESBA considered during its Safeguards project but which went beyond the scope of the project).

How important is this project or initiative?

- ☐ Very important

⁵ Paragraph 17 of International Standard on Auditing (ISA) 260, *Communication with Those Charged with Governance*, already requires that in the case of listed entities, the auditor communicate with those charged with governance a statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence, and:

- (i) All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgment, may reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and
- (ii) The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

- ☐ Important
- ☐ Neither important not unimportant
- ☐ Unimportant
- ☐ Very unimportant

C.7 Familiarity Threat in Relation to Extant Part C

During its Long Association project, the IESBA reconsidered the concept of “familiarity threat” in relation to the issue of over-familiarity with client information in the context of an audit of financial statements. The IESBA noted that the extant definition contains a reference to “employer.” Extant Part C (Part 2 of the restructured Code) currently does not address familiarity threat with respect to employers in the context of PAIBs, other than a brief mention in paragraph 300.11 which is not further developed:

Examples of circumstances that may create familiarity threats for a professional accountant in business include:

- Being responsible for the employing organization's financial reporting when an immediate or close family member employed by the entity makes decisions that affect the entity's financial reporting.
- Long association with business contacts influencing business decisions.
- Accepting a gift or preferential treatment, unless the value is trivial and inconsequential.

The IESBA noted that there may be a need to revisit the definition of familiarity threat in that regard, and potentially the broader question of how extant Part C addresses issues of PAIBs' familiarity with their employing organizations (and individuals within or connected with the employing organizations).

How important is this project or initiative?

- ☐ Very important
- ☐ Important
- ☐ Neither important not unimportant
- ☐ Unimportant
- ☐ Very unimportant

C.8 Breach of the Code

This involves consideration of specific matters that respondents to the Structure of the Code project raised on the topic of “breaches” for the IESBA's consideration, including:

- The need for guidance on actions to prevent a breach of the Code, as the extant Code requires a professional accountant to address the consequences of a breach and determine whether to report it, but no specific action to stop the activity that caused the breach.

- Making it clear that other action is not appropriate where another requirement of the Code requires the engagement to be ended.⁶
- Eliminating any optionality as to whether a professional accountant has to report a breach to, for example, those who might have been affected by it, a professional body or a regulator.

How important is this project or initiative?

- ☐ Very important
- ☐ Important
- ☐ Neither important nor unimportant
- ☐ Unimportant
- ☐ Very unimportant

C.9 Documentation

The Code's documentation requirements and application material are located in various areas of the Code dealing with particular topics. The IESBA has identified a need to reconsider the nature, extent and location of material relating to documentation in the Code holistically. In addition, the IESBA has received some specific suggestions from some respondents to its Structure of the Code project for matters to be considered, for example:

- Whether the application material that encourages documentation with respect to ethical conflict resolution (extant paragraph 100.22) should be elevated to a requirement.
- Whether the Code should require independence documentation to be of a standard that would enable another professional to understand the judgments made, and the reasoning supporting those judgments.
- The merit of continuing to retain the statement in the Code (extant paragraph 290.29) that "a lack of documentation does not determine whether a firm has considered a particular matter or whether it is independent," as it might undermine the documentation requirements and their enforceability.

Other related matters had also been raised during the IESBA's previous strategy consultation, for example, whether the requirement with respect to documentation of threats to independence that necessitate significant analysis (extant paragraph 290.29) should be extended to any threats to independence requiring analysis.

How important is this project or initiative?

- ☐ Very important
- ☐ Important
- ☐ Neither important nor unimportant
- ☐ Unimportant

⁶ Extant paragraph 290.43 requires that, depending on the significance of a breach of an independence requirement, the firm end the audit engagement or take other appropriate action.

- ☐ Very unimportant

C.10 Definitions and Descriptions of Terms

There are certain differences between the definitions of some terms in the Code and the definitions of the same terms in the IAASB's standards. These terms include "assurance engagement," "engagement quality control review," "financial statements," "firm," "independence," "review engagement," and "special purpose financial statements."

In addition, during the Structure of the Code project, the IESBA received a number of suggestions from respondents to reconsider how certain terms are currently defined in the Code, for example:

- Reconsidering the use of the term "employee" as it appears to cover only employees of an audit client and not others who may act in the capacity of an employee (e.g. a contractor).
- Not limiting the concept of "engagement period" to the date when the audit report is issued as the auditor has further responsibilities in an audit of financial statements, such as addressing the effect on the audit opinion of matters that come to the auditor's attention after conclusion of the audit.
- Revisiting the definition of "financial interest" to, for example, clearly cover interests in a trust.
- Defining the concept of a "network firm" to focus more on the exercise of judgement rather than on a list of examples of situations that might indicate the existence of a network.
- Revisiting the definition of "professional accountant" as it might not adequately include retired or inactive professional accountants.

How important is this project or initiative?

- ☐ Very important
- ☐ Important
- ☐ Neither important not unimportant
- ☐ Unimportant
- ☐ Very unimportant

C.11 Post-implementation Review of the Restructured Code

The objective of the Structure of the Code project is to enhance the understandability and usability of the Code, thereby facilitating its adoption, effective implementation, consistent application, and enforcement. The project, which is expected to be completed by December 2017, has involved extensive restructuring and redrafting of the Code. Further information about the current status of the project, including its different work streams and how these are being coordinated with other concurrent projects, is provided in the January 2017 [IESBA Update](#).

Given the importance of the restructuring project, the initiative to undertake a post-implementation review of the restructured Code would be intended to assess whether the restructured Code has effectively met the project's objective.

How important is this project or initiative?

- ☐ Very important
- ☐ Important
- ☐ Neither important nor unimportant
- ☐ Unimportant
- ☐ Very unimportant

III. OTHER

C.12 Concept of Global Public Interest

The Code refers to the concept of “public interest” in a number of places, notably in extant Part A (Part 1 of the restructured Code) and in the new NOCLAR provisions. The draft restructured Code, consistent with the extant Code, does not expand upon individual public interest obligations and therefore contains little application material relating to a professional accountant’s public interest responsibilities. Questions have been raised regarding the meaning of the concept, for example, in the relatively recent MG Rover case in the UK (see Section A of the IESBA’s April 2014 [issues paper](#) and related [background material](#)).

A view has been expressed by some within the regulatory community in the context of the IESBA’s previous public consultation on its Conflict of Interest project that the concept of public interest should be recognized as a fundamental principle in the Code. The IESBA has had lengthy but inconclusive discussions on the topic in the past. In addition, IFAC issued in June 2012 a related Policy Position, [A Definition of Public Interest](#).

Notwithstanding the difficulty of defining the concept, this initiative would seek to explore a number of questions such as:

- The meaning of the concept of “global public interest.”
- The different expectations of different categories of professional accountant with respect to the responsibility to act in the public interest.
- Whether perceptions of the public interest vary with time, across cultures, and from the lens through which it is viewed.
- Whether the evolution of the accountancy profession affects the nature of its public interest responsibility.

This initiative might involve the IESBA exploring the topic through the development of a discussion paper or thought piece, taking into account work that has been done by others on the topic as well as relevant external developments.

Any such work would likely necessitate coordination with the other standard-setting boards overseen by the PIOB, i.e., the IAASB and IAESB.

How important is this project or initiative?

- ☐ Very important

- ☐ Important
- ☐ Neither important not unimportant
- ☐ Unimportant
- ☐ Very unimportant

Are there any specific aspects of any of items 1 to 12 above on which you would like to comment?

Please be as specific as possible.

Section D: Adoption and Implementation

The IESBA intends to continue the following ongoing activities in relation to adoption and implementation (A&I):

- Engaging with regulatory stakeholders to address any concerns regarding the enforceability of the Code.
- Monitoring and documenting the progress of global adoption of the Code.
- Pursuing an active stakeholder outreach agenda.
- Commissioning the development of appropriate staff publications in support of A&I.
- Speaking out on ethics-related developments that have the potential to lead to greater divergence in standards, and seek to influence debates towards greater international convergence.
- Exploring deeper cooperation opportunities with key stakeholders, particularly national standard setters (NSS).

Are there any other activities or initiatives you believe the IESBA should undertake in the area of adoption and implementation? Please be as specific as possible.

Section E: Any Other Matters

Are there any environmental trends or developments that you believe could have a significant impact on the relevance or robustness of the Code that have not otherwise been covered in this survey? Please be as specific as possible.

Are there any other issues you believe the IESBA should consider as it develops its strategy and work plan for 2019-2023? Please be as specific as possible.

[Submit button]

Thank you for taking our survey. Your response is very important to us.