IESBA Strategy Survey 2022

Comments on Survey Question 2

Survey Question 2

Do you believe the IESBA should explore the concept of expanding the scope of the Code to cover assurance service providers other than PAPPs? What preconditions would need to be in place and what potential challenges or drawbacks do you foresee if the Code's provisions were scoped to the nature of the assurance services provided as opposed to who is providing the assurance services?

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ACCA	We would like to highlight that the emphasis of the standard-setting work under the new SWP should initially be placed on maintaining the robustness and relevance of the Code's Ethics and Independence provisions that apply to Professional Accountants (PAs) and this should be a priority for the IESBA. In terms of expanding the scope of the Code to cover assurance providers other than PAPPs, we think that this is a concept to be further explored by the IESBA, as we agree that all providers of sustainability assurance services should be held to the same high ethics and independence standards, regardless of the profession to which they belong. The ISAE3000 is agnostic supporting the performance of assurance engagements by any provider, both PAPPs and non-PAPPS, subject to complying with ISQM1 or other local equivalent requirements that are least as demanding as ISQM1, and the IESBA's Code of Ethics (including International Independent Standards) or other local equivalent requirements that are at least as demanding as the IESBA Code of Ethics. Similarly, therefore, without the support of the IESBA Code this could create a number of challenges of different level of public confidence in reporting for those who are subject to the IESBA Code and those who are not. We suggest that expanding the Code to non-PAPPs would address these challenges. In our view, the IESBA is best placed to develop these standards internationally in a comprehensive way. Expanding the scope of the Code beyond PAs could also support relevant global developments such as for example, at the EU level, the provisions of the Corporate Sustainability Reporting Directive (CSRD) which now permit the provision of sustainability assurance by assurance providers other than PAPPs.

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	However, we would like to draw attention to some key challenges, which were also identified in the IESBA strategy consultation document. Firstly, it is important to define where we draw the line on the provision of other similar services by other providers (i.e., non-professional accountants). As it is also mentioned in the consultation document, if the Code's provisions cover other providers outside the accountancy profession in respect of assurance, then it should consider whether that would apply to the provision of other services and which these services should be. If it proceeds with this option then, we suggest that IT-related services should be considered as a priority, as there is already an increased demand for providing relevant advisory services (e.g., cybersecurity, IT risk management etc.) in this broader technology environment and we commend its initiative with the formation of a separate IESBA Technology Working Group. Another challenge for the IESBA lies on the enforceability and regulation of compliance with the ethical and independence standards by other providers at the jurisdictional level. For this reason, if the IESBA proceeds with expanding the scope of the Code to cover assurance service providers other than PAPPs, we suggest that it should have a detailed plan in place with local regulators in order to achieve this goal. We believe that close coordination with the Monitoring Group (MG) and the MG's support would be pivotal in this process.
AE	We support the objective of working towards a level playing field and consistent high quality for assurance on sustainability reporting. IESBA and the IAASB should make sure that their Code and Standards include professional competence, quality management and ethical principles and requirements and/or preconditions which are at least as demanding for other assurance service providers as for PAPPs. This means these matters should be clearly defined for other service providers. Current assurance practice is generally based on ISAE 3000 in EU Member States, in cases where sustainability assurance is required by law or requested voluntarily by companies. The IAASB's Non-Authoritative Guidance on Applying ISAE 3000 to Sustainability and Extended External Reporting (EER) Assurance Engagements responds to key challenges commonly encountered in practice. We recognise, however, that additional tailored practical guidance, or a specific assurance standard for sustainability reporting, will be needed in the long run to ensure a consistent approach. Until then we are not going to be in a position to make a judgement on the sufficiency of the current requirements in Part 4-B of the Code. Having said that, any new assurance standard for sustainability will have to address issues about professional competence, quality management and ethical requirements, including those relate to independence. Therefore, IESBA should start working towards a principles-based ethical framework for sustainability assurance, in coordination with the IAASB and national standard-setters. The most important precondition for the applicability of such a framework is its recognition by relevant stakeholders. Standard-setters, including the IAASB, that are developing a standalone sustainability assurance standard, could include a requirement to comply with the provisions of the IESBA framework in their standards. Such a requirement, or at least a clear reference to the IESBA framework, would greatly contribute to its recognition and adoption. Part 4-B of the Code can serve as a starting point for developing this framework which should take into account the fact that its scope of application would most likely be broader than professional accountants only. The main challenges of this

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	extension will be the need to raise awareness and have a mechanism for enforcement. To address these, we urge the IESBA to seek the support of the Monitoring Group (MG) which has to play its role in achieving a better ecosystem and promoting confidence in capital markets.
AIA	We believe the concept should be explored. However, at this time we do not have a view as to whether ultimately assurance service providers other than PAPPs should in fact be scoped in. In the EU the recently finalized CSRD allows the possibility of other independent assurance providers, in addition to the auditor of the financial statements, to provide assurance on sustainability reports. This gives companies the opportunity to choose from a bigger pool of assurance services providers, both auditors and accredited assurance services providers. It is hoped this will increase competition and services' availability within the market. Significantly, the CSRD expects requirements around such service providers – education, quality management, oversight, and enforcement - to be equivalent to that existing already for auditors. If assurance service providers other than PAPPs were to be within scope, then we would expect to see equivalent preconditions as envisaged by CSRD. We concur with the IESBA when it said recently in its response to the ISSB on its Exposure Drafts: "IESBA believes that to meet the sustainability information needs of investors, customers, employees or potential employees, government agencies and other stakeholders, the infrastructure that supports sustainability reporting and assurance must be underpinned by the highest standards of ethical behaviour. Fit-for-purpose, globally applicable standards, such as those set out in the IESBA Code and future, sustainability-related standards that the IESBA has already committed to developing, alongside a robust system of quality management, oversight, and enforcement, are essential for consistent, relevant, and trustworthy sustainability reporting."
AICAPA	*Expansion of the IESBA Code to assurance providers other than PAPPs* Currently, expanding the IESBA Code to assurance providers other than PAPPs could harm the public and our financial systems. A strong foundation in ethics, as well as rigorous credentialing and practice standards sets PAPPs apart from other professionals in the financial market. We believe if other professionals say they've applied the IESBA Code but do not have the same rigorous credentialing, continuing education, quality management and oversight, the public and our financial systems will be at risk in the following ways. *Erosion of public protection* Unlike other providers, PAPPs are required to adhere to strict rules governing integrity, objectivity, and due care. Consumers can operate with confidence knowing that the profession is governing ethics. Expanding the scope of who can say they've applied IESBA's Code could put the public at risk, shifting the burden of evaluating qualifications to consumers.

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	Weakening of standards The profession's self-regulatory model ensures accountants meet exacting requirements for credentialing, continuing education, robust performance and quality management standards, ongoing quality inspection through the peer review process, and remediation. Extending the IESBA Code to other providers will give the impression that they are subject to the same rigorous standards as PAPPs. Therefore, by blurring the lines between roles, PAPPs could be swept up in broad-brush regulatory efforts targeting all assurance service providers when in fact PAPPs are already subject to oversight. *Diminished enforcement* Though noncompliance is rare, the AICPA has stringent processes in place to remediate members. The AICPA Professional Ethics Division thoroughly investigates disciplinary matters involving AICPA and certain state society members who violate our code. For transparency, disciplinary actions are published on the AICPA's website. This vital enforcement activity governs only members. Therefore, expanding the IESBA Code to other assurance providers would likely lead to diminished investigatory/enforcement oversight. The current PAPP credentialing and enforcement process helps protect the public from unqualified professionals. Diluting the rigorous standards that PAPPs must uphold, as well as who can provide assurance services, will have negative repercussions for both consumers and accounting professionals.
APESB	APESB believe that the IESBA should carefully consider and investigate the option of the Code applying to all assurance providers. In addition, consideration needs to be given to whether any other codes may be applicable and whether the assurance service providers other than PAPPs also need to establish a quality management system. APESB encourage the IESBA to think about developing a new Part of the Code that explicitly applies to sustainability assurance, such as a new Part C. This part of the Code could then be created with the intent that non-accounting professionals may also use it, and it can be focused on ESG information. The IESBA will also need to consider whether the professional competence of these other professionals is equivalent to accountants, do they have continuing professional development requirements and whether there are mechanisms to monitor and discipline these other professionals for non-compliance. In short, a critical assessment would need to be made on whether these other professionals operate under equivalent educational and professional frameworks as professional accountants.
BDO	*Expanding the scope of the Code* BDO believes that the IESBA should explore the concept of expanding the scope of the IESBA Code to cover assurance service providers other than professional accountants in public practice (PAPPs).

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	In these exploratory activities, the IESBA should investigate what authority is required to bring other professional under their umbrella, whether this will be possible and how other service providers will be bound to the requirements of the IESBA Code. BDO believes that there could already be a perception/assumption by the public that key elements of the IESBA Code apply to these other assurance providers. By expanding the scope of the IESBA Code, the public interest would be protected. BDO believes that it would be impactful to not only expand the scope as it relates to sustainability services, but to all assurance services provided. The IESBA Code is currently scoped for professional accountants and not all individuals providing assurance services. BDO believes expanding the scope of the IESBA Code will be assisted if the IESBA Code's provisions could be scoped to the nature of the assurance services provided as opposed to who is providing the assurance services. Uniform adoption of the IESBA Code by all relevant parties in the sustainability reporting ecosystem will provide an opportunity to aid harmonizing the quality of assurance services and improve the competitiveness of these services. *Preconditions* A possible precondition to be in place is a professional body or regulator in a position to prescribe and monitor compliance with the IESBA Code. It will be critical to identify all relevant parties, such as relevant service organization associations, regulators and standard setters to appropriately engage these parties and coordinating broadening the scope of the IESBA Code. These engagements should result in consensus amongst all stakeholders being reached to achieve consistent application of the IESBA Code. The scope of the IESBA Code will have to be carefully defined, for instance the consideration of whether it will apply to all professional services delivered by a provider who is involved in sustainability engagements or only to specific sustainability related engagements, such as assurance related services. Another consideration would be whether the IESBA Code would apply to the individual delivering the service only or would it extend to the employer to whom they report. The nature of services to which the IESBA Code would apply will need to be clearly defined to ensure consistent application of the IESBA Code. The nature of sustainability services is broad, dependent on numerous factors and not uniform in nature. Flexibility for change in scope of services in future-proofing the IESBA Code is another key factor for consideration. If a project is approved to expand the scope of the IESBA Code, first time adopters will need assistance with the initial application of the IESBA Code and some transitioning provisions will need to be considered. Professional bodies and regulators overseeing these individuals would also need to be educated and monitoring processes and mechanisms ought to be designed and implemented to ensure enforcement of the IESBA Code. *Potential challenges or drawbacks*

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	Developing global ethical standards that are flexible enough to cover a broad range of services, yet unambiguous to ensure consistency might prove to be difficult. It could be a challenge to reach out to all providers of assurance services and manage conflicts to reach consensus on contentious matters. It could be a challenge to identify appropriate bodies to regulate and monitor compliance with these standards, especially in areas where these services providers are not currently regulated. The broadening of the scope of the IESBA Code may result in increased costs, in the form of increased professional membership fees, regulatory and monitoring fees and training costs.
BICA	We believe the Code is drafted to cover those providing services as Professional Accountants in Business and Professional Accountants in Public Practice. The Code together with the Structure of Pronouncements issued by IAASB separates assurance services from non-assurance services. The IAASB Framework provides guidance of the applicable standards for the different assurance provided. It is therefore prudent to ensure that the approach taken by IAASB is aligned to the Code. Jurisdictions apply similar definition of the word assurance and use that to issue assurance providers with practicing certificates. The current approach of who providers assurance makes it clear to determine criteria for issuing those practicing certificates and therefore ensuring public interest protection by ascertaining they are competent on qualification and experience. Moving away from this approach may result in difficulty in public interest protection if those providing assurance fall outside the mandate of jurisdictional bodies regulating the accountancy profession.
CAANZ	This is a highly complex matter for the IESBA to consider. We believe it is important for the IESBA to be closely involved in the development of sustainability reporting and assurance standards so that; (1) PAs are not disadvantaged by competitors applying less robust standards, (2) PAs are not required to comply with a multitude of similar standards increasing their regulatory burden, that users are not relying on poor quality reporting due to preparers or assurance providers applying less rigorous or weaker standards, and (3) Global comparability in reporting and assurance is achieved through the consistent application of one core set of standards. The IESBA should act with urgency in this matter as developments and regulation in sustainability reporting and assurance are happening at pace across the globe and local regulators are already enacting legislation to require application of our standards by non accountants. For example, from 1 January 2023 climate reporting entities in New Zealand, have a statutory requirement to prepare climate statements and obtain assurance over their greenhouse gas emissions disclosures. Professions permitted to conduct this work are not limited to PAs, however the assurance engagement must comply with applicable auditing and assurance standards issued by the National Standard Setter.

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	These applicable standards include the Code. A similar approach is adopted in Australia with applicable auditing and assurance standards including a cross-reference to the Code, in effect creating a requirement for the Code to be complied with when applying these Standards by professionals other than PAs. There are several challenges both known and unknown at this stage including; • The Code is specifically drafted for PAs and therefore may lack the ability to be more widely applied. Making large changes to the Code may disrupt use of, and compliance with, the Code by PAs. • Application of the Code is monitored and enforced by the PAs professional association membership. This monitoring and enforcement process will not apply to practitioners who are not members of a professional association or who are members of a professional association other than an accounting professional association. • PAs providing assurance are required to have a substantial system of quality management designed and implemented, other professionals will not have this requirement. • Engaging and seeking feedback from a broad spectrum of potential users will be time consuming and potentially unwieldly. We would welcome working with the IESBA to develop a response to this significant change facing the accounting profession and business community.
CACR	In our view any assurance services regardless of the service providers must be governed by the same, consistent rules through IESBA code. This would promote quality and equal conditions for all providers.
CPAA	It is unclear what "expanding the scope of the Code" would entail, which makes it difficult to provide a detailed response to this question. However, we caution against making wholesale changes to the Code merely to potentially "capture" a small group of assurance providers. It must be remembered that the vast majority of professional accountants, who are subject to the Code, do not provide audit and assurance services. In Australia, for example, the APESB has previously calculated that some 93 per cent of professional accountants who are subject to the Code in Australia do not provide auditing and assurance services. Therefore, it is difficult to argue a case for changing the scope of the Code – and potentially reshaping the focus of it – when such a change is not needed for the majority of those to whom it applies. Also, arguably, the Code is already being used effectively in certain circumstances by assurance service providers other than professional accountants in public practice. The IESBA has a very narrow scope, inasmuch as it describes the Code as being written for members of IFAC member bodies. However, for example, the Australian equivalent of the Code is referenced by Australian Auditing Standards that are used by Registered Company Auditors (RCAs) who undertake Corporations Act including listed entity, audits in Australia. There is no requirement for RCAs in Australia to

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	be a professional accountant, as defined by IESBA. Therefore, in effect, RCAs include some assurance service providers other than professional accountants in public practice. As noted above, the vast majority of professional accountants, who are subject to the Code, do not provide audit and assurance services. Therefore, it is important that the IESBA is cognisant of the users of the Code and those who are obliged to comply with the Code's requirements. It is conceivable that if the Code's provisions, in certain parts of the Code, were scoped so as to focus on the "nature" of the assurance services provided, all parts of the Code would similarly need to be refocused on the services provided, rather than the type of person to whom the Code applies. This implies that a significant recasting of the Code would be needed; something which many people would not support. Moreover, it also implies that the Code would, by necessity, become much more prescriptive in nature.
CPAC	The PTC is of the view that from a public interest perspective, the services of assurance providers should be regulated but, given that the IESBA currently lacks authority to issue guidance for professions other than PAs, it is unclear how non-PAs could be regulated by the Code without jurisdiction-specific regulator support. We also view this as one of the main challenges, especially since Canada has multiple jurisdictions each with its own regulators. There is a risk that not all regulators would support such an expansion of scope. The IESBA has a lot to offer in this area and should closely follow developments related to assurance providers other than PAPPs, and contribute where appropriate to the consultation and standard-setting processes of other regulatory bodies in the area of ESG assurance. However, the PTC thinks that the IESBA should proceed with caution in considering whether to expand the scope of the Code to assurance providers other than PAPPs. We are concerned that, if there is no distinction between which parts of the Code apply to PAPPs versus other service providers, then the notion of being able to adopt the Code as written might be impacted by the extent to which standards that govern others might get incorporated into the Code. The PTC recommends that the IESBA carefully consider the actual logistics of the structure of the Code if they are to explore expanding the scope of the Code. The PTC also notes that PAs bring a high level of ethics and quality to services they provide because they are regulated. This can act as a competitive advantage over other non-regulated service providers.
Cristian Munarriz	No, I do not think it is appropriate to expand scope of the Code to cover assurance service providers other than PAPPs because the Code is intended for accountants. Nonetheless, due to the expected significant interdisciplinary work involved in sustainability assurance, the interrelation between PAPPs and other experts should be strenghtened and clarified further.

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CSCADG	We do believe that the Code should cover non accounting assurance providers if the reports on the reliability of sustainability disclosures can be reasonably assured. For instance if environmental specialists were to provide material expert assurance then if the report is to be regarded as having been provided by an Independent Assurance provider then such environmental specialists would also need to be independent according to the same rules which external assurance providers have to comply with.
Deloitte	Deloitte Global believes that anyone who references the IAASB Assurance Standards should be required to comply with the Code. However, we question the Board's authority for monitoring or enforcement of compliance with the Code with those who are not Professional Accountants, especially given the need to have a system of quality management in compliance with ISQM1. We encourage the IESBA to engage in dialogue with the regulatory community to ensure complete compliance with all applicable standards.
Dilip Jain from Crowe Global	Under the framework of ISQM 1, ISQM 2 and ISA 220 (Revised), non-audit professionals are also covered. Similarly, the Code of Ethics should also apply to those professionals, at least to comply with the aforesaid ISAs.
EFAA	We believe the concept should be explored. However, at this time we do not have a view as to whether ultimately assurance service providers other than PAPPs should in fact be scoped in. In the EU the recently finalized CSRD allows the possibility of other independent assurance providers, in addition to the auditor of the financial statements, to provide assurance on sustainability reports. This gives companies the opportunity to choose from a bigger pool of assurance services providers, both auditors and accredited assurance services providers. It is hoped this will increase competition and services' availability within the market. Significantly, the CSRD expects requirements around such service providers – education, quality management, oversight, and enforcement - to be equivalent to that existing already for auditors. If assurance service providers other than PAPPs were to be within scope, then we would expect to see equivalent preconditions as envisaged by CSRD. We concur with the IESBA when it said recently in its response to the ISSB on its Exposure Drafts: "IESBA believes that to meet the sustainability information needs of investors, customers, employees or potential employees, government agencies and other stakeholders, the infrastructure that supports sustainability reporting and assurance must be underpinned by the highest standards of ethical behavior. Fit-for-purpose, globally applicable standards, such as those set out in the IESBA Code and future, sustainability-related standards that the IESBA has already committed to developing, alongside a robust system of quality management, oversight, and enforcement, are essential for consistent, relevant, and trustworthy sustainability reporting."

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EY	Yes, we believe this should be explored. We believe a practical approach would be to tie the requirement for applying the Code's provisions to the use of the assurance standards. In this case, when an IAASB assurance standard is required in the performance of a sustainability assurance engagement, the provisions of the Code would likewise be required even when the sustainability assurance engagement is performed by a professional firm outside of the accountancy profession. This would require the Code's provisions to be adequately aligned with those of the assurance standards.
FIPECAFI	Yes, I am in favor of this.
Frederik Eloff from SAICA	How extensive would the list of service providers other than PAPPs be ? And then, the nature and scope of assurance services to be provided ? I think the Code should cover assurance services for PAPPs only. Regulatory bodies communicate with their members and should encourage practitioners in business (non members) to become part of the existing structures through membership
HKCIPA	It is noted that ISAE 3000 is one of the reporting framework to support the performance of assurance engagements relating to sustainability reporting, we consider that understanding the Code is vital for all associated assurance service providers to follow ethical standards and better serve the public interest. Accordingly, we agree the Code's provisions to be scoped to the nature of the assurance services provided as opposed to who delivers the services. However, there would be potential challenges, for example, is there governing rule to require non-PAPPs assurance providers to comply with the Code? Are they aware of the Code provisions when providing such assurance services? We believe we need regulators' support to pursue the reporting, assurance and ethical requirements relating to sustainability and qualifications to be a service provider.
IAFEI	I encourage exploring the concept. Allow me to address potential challenges/drawbacks - the international standard setting body has no "jurisdiction" over non-PAPPs. In exploring the concept, I believe the expansion of scope should be anchored on collaborative/cooperative initiative among professional or business organizations as well as regulators where there is an agreement to subscribe to a set of standards re sustainability reporting. This way, all stakeholders are part of the initiative and collective efforts will lead to a generally accepted standards of sustainability reporting among all those who do assurance or review engagements irrespective of professional calling.
ICAEW	ICAEW considers that some potential expansion of the application of the Code of Ethics may be worth exploring in principle. However, the practical challenge is likely to be the degree to which non-IFAC bodies would adopt (and adhere) to the Code.

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	The issue of how to deal with non-compliance or purported compliance by such bodies would need careful consideration. Unlike IFAC accountancy bodies, "sustainability assurance organisations" might not have a clear disciplinary structure to disincentivise breaches of the Code. Implementation of such structures might require national legislation or regulation. Considerable care would also need to be taken to ensure that claims to a wider use of the Code by such organisations does not lead to the apparent "certification" of non-professional bodies or organisations or, through that, a diminishing in the public perception of the Code or its enforcement.
ICAS	We agree with the principle that, to ensure quality, there should be a level playing field in terms of ethics and independence for all those providing assurance over sustainability information. However, we struggle to understand how, in practice, IESBA would be able to expand the scope of the Code to cover assurance providers other than PAPPs. We believe this could only be achieved if assurance providers other than PAPPs were to be required by respective jurisdictional regulators – bodies such as IOSCO or the Monitoring Group could influence such regulators – to adhere to the IESBA Code of Ethics or equivalent standards. All the accountancy profession itself can do is highlight its professional standards to the regulatory and investment communities. It would then be for local regulators to determine whether they need to put in place requirements to cover others external to the accountancy profession. We believe that the public interest would be best served by having the same or equivalent ethics and independence standards apply to all parties providing assurance on sustainability related information.
IDW	As a matter of principle, we believe that for cases in which sustainability assurance is legally required but not an activity legally restricted to the accountancy profession and the law specifically contemplates other providers of such engagements, then it is crucial that there be a level playing field between the requirements for accountancy profession providing such assurance engagements and for other providers of such engagements. In these circumstances expanding the Code to cover these other providers would be in the public interest. However, we question whether IESBA will be able to persuade these other provides to adhere to the Code.
IFAC SMPAG	We would support the IESBA exploring the concept of expanding the scope of the Code to cover assurance service providers other than PAPPs, but caution that it should proceed carefully. We support a level playing field for all assurance service providers and believe they should also be subject to other professional requirements, or requirements in law or regulation regarding their responsibility for a system of quality anagement and adherence to a code of ethics which are at least as demanding as ISQM 1 and the IESBA Code. In addition, we suggest the IESBA should not focus solely on the issue of whether assurance service providers, who are non-professional accountants, should be encouraged/ required to apply the Code or similarly stringent requirements, but also from a quality perspective consider whether other preparers of sustainability related reporting (who may not be PAIBs) should do so as well. Ultimately, it is up to legislators to decide to whom a stringent code of ethics shall apply We are concerned that enforcement of non-PAs will be a challenge for national standard setters or regulators. For example, PAPPs are routinely subject to practice inspections. There is question of whether this could be similarly applied to other

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	assurance service providers, together with consideration of an equivalent sanction mechanism for a code of ethics. A lack of a sanction mechanism would create an unlevel playing field, which may not ensure consistency of practice. We believe that the IESBA will need to undertake a lot of outreach and engagement to ensure policy makers are aware of the role of the Code in terms of helping to protect the public interest. The IESBA should carefully consider whether to require compliance with FP and CF (i.e., Part 1) so that the expansion to non- PAs does not become an extremely small part. of the Code. In this regard, it could be more realistic to retain the Code as a global baseline and additional details should be left to the regulators and standard-setters in each jurisdiction.
Ikhlaas Dooreemeah from BDO International Limited	yes
IRBA	We agree that there could be merit in expanding the scope of the Code to cover assurance service providers other than PAPPs from a public interest perspective, assuming it will contribute to consistent ethical behaviour by all assurance service providers. One unique and in-depth insight about this question can be gained from the observations made by the Chief Justice of South Africa, Judge Zondo, in the report of the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State (Zondo Commission or State Capture Commission): *"The influence of management consultants has had profound effects on South Africa in the past few years. That influence extends to state capture.* *Compared to the other professions in this brief, management consulting is relatively young. In its fairly short existence, it has yet to subject itself to any kind of general regulation - which some would argue means it cannot rightfully be classed as a 'profession' in the first place. In any event, the lack of a supervisory body enforcing a code of ethics has enabled gross abuses of power.* *Even while their role is advisory, the influence they exert over the development of policy is very real."* - How accounting, legal and management sectors played role in state capture (iol.co.za) The experience and proceedings of the Zondo Commission should be considered as a case study of the role of service providers other than PAPPs. The Zondo Commission's findings are recent, are based on experience with local and international consultancies and the insights were obtained through a judicial process which lends credibility to the insights. Based on this, we agree that the process to achieve the authority of binding standards for non-PAs and the associated need for enforcement will be one of the fundamental challenges. We base this on the fact that we already experience jurisdictional enforcement challenges as relates to the registered auditors and the chartered accountancy profession.

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	In South Africa, the registered auditor and audit profession are regulated by the IRBA in accordance with the Auditing Profession Act 2005 (as amended by the Auditing Profession Amendment Act No. 5 of 2021, as published in Government Gazette 44493 dated 26 April 2021 (Auditing Profession Act). IRBA's inspections and investigations mandate does not extend to professional accountants who are not registered auditors. Professional accountants may be subject to education, training, and examination requirements by voluntarily joining one of the approximately twelve Professional Accounting Organisations (PAOs) in South Africa. There is no overall national supervision for professional accountants and as a result, professional accountants cannot always be held accountable for misconduct under law. The South African National Treasury is working to address the issue of comprehensive regulation and is still considering a model for the regulation of the PAOs. In the context of the above, we highlight the following further thoughts / questions for IESBAs consideration: What is the likely implication of this for the Code? Does the IESBA envision developing separate sections for this constituency? Long-term, will the IESBA continue to add to the existing Code? Without regulatory enforcement, will it be beneficial to extend the scope of the Code to other assurance service providers and further lengthen and complicate the Code? In South Africa, we anticipate that these additional sections will not be enforced by audit regulators given the powers of the IRBA do not extend to accountants or other assurance providers. Could expansion of the scope of the Code, possibly widen the expectation gap? The public will expect all assurance professionals to not only adhere to the provisions of the Code, but also be held accountable when in breach of the Code when this is not feasible. We therefore propose that further research be done to understand jurisdictional challenges before investing in the expansion of the scope of the Code, because in the absence of the enforcement leg, the cost, not just in terms of resourcing, but also in terms of complicating / lengthening the existing Code, may outweigh the benefit.
ISCA	We believe that IESBA should explore expanding the scope of the Code to cover assurance service providers other than PAPPs. All assurance service providers should be held to the same high standards, regardless of whether they belong to the accountancy profession or not. This will level the playing field for all assurance service providers on the ethics front, which is important. In this regard, we recommend that IESBA work with local regulatory bodies to require all assurance service providers of sustainability information to be licensed and affiliated with a professional body. We are also of the view that it may not be useful for the Code's provisions to be scoped to the nature of the assurance services provided as opposed to who is providing the assurance services. This is because ultimately, for regulatory and enforcement purposes, it is still necessary to know who has provided those assurance services. By scoping based on the nature of assurance services provided, it may make it even more difficult for regulators to identify the assurance service providers.
LCPAA	We consider that the current scope of the code is sufficient. Therefore, IESBA should not expanding the scope of the Code.

Respondents	Comments
JICPA	We believe that assurance service providers should comply with certain ethical standards to ensure confidence in assurance. Since the scope of assurance is broad, including non-financial information, and there are a number of practices where assurance services are provided by those who are not professional accountants (non-PAs), it is conceivable that a new code of ethics, different from the Code, could be developed for non-PAs and require them to comply with it. However, from the standpoint of users of assured information, it is a precondition for the use of assured information that the assurance services providers, regardless of whether they are PAs or non-PAs, adhere to uniform ethical standards, and this is desirable from the standpoint of investor protection. Therefore, one of the measures to be considered is to establish a framework in which those who provide third-party assurances shall equally comply with the Code regardless of whether the information subject to assurance is financial or non-financial, thereby expanding the scope of application of the Code to be consistent with this precondition. On the other hand, if the scope of the Code is expanded to cover the nature of the assurance services provided, rather than the assurance services providers, the Code will cover "all assurance services for both financial and non-financial information," and, therefore, those who provide such services (both PAs and non-PAs) will be subject to the Code. This is another approach to address the matter. However, the Code is a high-level code that is intended for PAs and may not be appropriate for non-PAs. In particular, Part 1 is based on public trust in the accounting profession, and it is not realistic to apply the Code to non-PAs who do not understand the significance of the accounting profession's existence and the background of code of ethics required of them. If non-PAs are required to comply with only a part of the Code, such as Part 4B, there is a risk that the Code will not be applied as a whole based on correct understanding of its spirit and purpose. We believe that consideration should be given to the risk that changing the level of the Code applicable to different providers of the services would degrade the Code, which in turn could lead to the tarnishing of the brand image of the accounting profession. In Europe, the European Commission's Corporate Social Responsibility Directive currently includes independence requirements for sustainability disclosure and assurance engagements, and the U.S. Securities and Exchange Commission (SEC) is discussing the possibility of allowing non-PAs to participate. We have heard that the assurance of sustainability information has been discussed and a draft standard is in the process of being approved. In the event that different disclosure and assurance provisions are enacted in these different jurisdictions, we believe that it is essential to proceed with consideration with the aim of establishing a standard, which is to be a global baseline code of ethics.
KPMG	We do believe exploring the expansion of the scope of the Code to cover assurance service providers other than PAPPs would be a worthwhile endeavor of the IESBA.

Respondents	Comments
	As a precondition, the IESBA would need continued outreach with national standard setters and regulators to obtain both their support and their agreement to require compliance with not only the Code, but also with an assurance standard framework such as ISAE 3000 (Revised) for all providers of sustainability assurance. However, we do see significant challenges in contemplating such a change. Challenges include how to achieve the authority of binding ethical/independence standards for non-PAs and how enforcement would be achieved. We also highlight that use of ISAE 3000 (Revised), as an example, is premised on the practitioner being bound by the Code and the practitioner's firm being subject to ISQC 1/ ISQM 1 and 2, as these standards work in concert to drive engagement quality. We find it difficult to envisage a scenario whereby the Code could be imposed on a broader range of practitioners who are not using ISAE 3000 (Revised) or are not members of a firm with a system of quality management that would comply with ISQC 1/ISQM 1 and 2. The assurance concepts which are fundamental requirements of ISAE 3000 (Revised) (e.g., the exercise of professional skepticism and professional judgment, including consideration of bias when considering the relevance and reliability of evidence to be used for assurance purposes; the exercise of assurance skills and techniques; determining whether the preconditions for an assurance engagement have been met, including whether there is a rational purpose to the engagement, whether the underlying subject matter is appropriate, and whether the criteria are suitable; reporting considerations; and applying the concept of materiality) complement requirements set out in the Code (e.g., complying with the fundamental principles and the independence standards). It would be very challenging to apply certain requirements of the Code in isolation, if not also embedded in the assurance framework being used. Similarly, requirements set out in ISQC 1 and ISQM 1 and 2, at a firm level, work together with these standards. We do not think it would be feasible to mandate use of the IESBA Code when the professional standards or system of quality management applicable are not as robust as ISAE 3000 (Revised) or ISQM 1 and 2, as practitioners would have an insufficient foundation to support them in compliance with the Code (refer to the current developments in the EU with the Corporate Sustainability Reporting Directive). If the preconditions (support and agreement from standard setters and regulators) cannot be obtained, then given the challenges noted, continued effort on such a change may not be worthwhile for the IESBA to spend the time and resources.
Leaf Excellence	No. Existing standards, if properly applied, should cover all necessary audit procedures and gathering of evidence to issue an appropriate report.
MIA	Yes, IESBA should explore the concept of expanding the scope of the Code to cover assurance service providers other than the PAPPs. However, the pre-conditions should be such that these service providers must agree to maintain a quality management system which is as demanding as that of ISQM standards and the service providers must also subscribe to the accountants ethical code of conduct no less rigorous that what is being prescribed by IESBA. The potential challenge, as we see, is how these can be validated. For example, PAPPs are routinely subjected to practice inspection to ensure the ISQM standards [previously ISQC] are being applied. The question is whether these would be similarly applied to the other assurance service providers.

Respondents	Comments
	On the Code of conduct, what is the sanction mechanism on the other assurance service providers if they are not complying with a certain (expected) ethical code of practice as promulgated by the IESBA? Such an unlevel playing field may not ensure uniformity of practice.
MNP	We believe that all assurance service providers should generally be required to comply with the same ethical and independence standards to protect the public interest. This promotes quality, comparability, and consistency of services between sustainability assurance service providers across Canada and internationally. Therefore, the same level of reliance could be placed by the public on the assurance report regardless of assurance service provider. In addition, the area of sustainability reporting and assurance is a key talent attractor. Requiring consistent rules and standards across all service providers in this area ensures a level playing field for PAPPs wo are already struggling with talent shortages. The biggest challenge in scoping in the nature of the assurance services provided would be enforceability of the Code and regulating compliance. For example, a mechanism for identifying and inspecting assurance service providers other than PAPPs will be required. PAPPs are often subject to several layers of external regulation including internal inspections, inspections by relevant local regulatory bodies and inspections by public securities regulators. We encourage the IESBA to reflect on the public confidence in non-PAPP sustainability assurance providers in absence of these levels of inspections.
NASBA	Globally, there is a significant amount of activity among standards-setters in the realm of sustainability and climate reporting. Recently, the United States Securities and Exchange Commission (SEC) issued a due process document seeking feedback in the area of climate reporting. It left open the issue of whether non-CPAs in the United States would be permitted to provide required attestations over climate-related information. Given the global reach of many companies we are concerned that different answers for the same or essentially similar issues may evolve. We agree that there is a need to better define the framework for assurance over sustainability and climate information, including ethics standards and general regulatory oversight. We recommend that the IESBA carefully coordinate with the activities of other standard-setters around the world in this area as it provides an opportunity for harmonization among standard setters, which is in the public interest. When considering the current and ongoing projects regarding sustainability reporting, a primary concern is understanding the individuals or organizations that can provide the attestation services. The public accounting and auditing profession in the United States has professional standards, systems of quality management, and independence requirements in place to position CPAs and CPA firms to provide attestation services. Such professional standards typically result from extensive due process procedures which include broad distribution of the standards and framework for public comment. We believe permitting non-CPAs who are not subject to standards resulting from such public due process procedures to provide attestation services is not in the public interest.

Respondents	Comments
	When considering whether to expand the scope of the Code to cover assurance service providers other than PAPPs, the question of enforcement and discipline also comes into play. What authority, if any, would regulators have to exert discipline? In addition, for United States jurisdictions, when you introduce non-CPAs using ISO standards which are not fully aligned with IAASB/IESBA standards, there will likely be inconsistencies related to independence, quality management and regulatory discipline. For United States jurisdictions, virtually none of the State Boards allow non-CPAs to perform attestation services or issue reports under the United States professional standards governing the public accounting and auditing profession. Further, as noted above, the SEC has not yet stated if non-CPAs will be allowed to provide sustainability reports (noting the large bulk is and can expected to be related to public companies). If non-PAPPs are permitted to perform attestation services and issue attestation reports, we believe regulations must be developed to build the intellectual infrastructure, including independence requirements, quality management systems and oversight consistent with the professional standards governing the public accounting and auditing profession. Ample time will be needed to appropriately train both PAPPs and non-PAPPs regardless of whether the IESBA Code has an expanded reach.
NRF	We believe it is important and in the public interest to create a level playing field between PAPPs and other assurance service providers. Since that includes ethical requirements, we believe the IESBA has an important role to play. However, there are challenges associated with the suggestion to expand the scope of the Code and what could be achieved by doing that. Even if the IESBA would make necessary changes to the Code to make it applicable also for other assurance providers than PAs, enforcement issues are the big concern. Although it is a start, it is not the availability of a global Code that could be applied by all service providers that create a level playing field, but the enforcement of adhering to the same ethical requirements. Therefore, if the IESBA were to proceed with further exploring the concept of expanding the scope of the Code, it must focus on outreach activities and having dialogues with other stakeholders, especially regulators and (potential) organizations/inspection authorities which will supervise these other service providers either on a voluntary or lawful basis. IESBA should also seek to get the support of e.g., the Monitoring Group.
OECD	**EXD/DO** I do not believe the IESBA should explore the concept of expanding the scope of the Code to cover assurance service providers other than PAPPs. There is too much fragility in organisations post-Covid, and as the war in Ukraine rages with all the cascading effects it has on the world economy. Expanding the scope at a time where many organisations are struggling to cope would be counter-productive.

Respondents	Comments
	EXD/PBF No. However voluntary adoption could be encouraged by other providers, and these providers voluntarily signing up to the same quality controls as PAs. **GOV/SPI** The concept of expanding the scope of the Code to cover other assurance services may consider the scope related to all the relevant integrity assurance to cultivate a whole-of-society approach: the public integrity standards are established and implemented in companies and that the relevant stakeholders are engaged in developing, updating and implementing the public integrity system. Moreover, it is important that an assurance service provider applies an internal control and risk management framework to safeguard integrity in organisations, especially ensuring a sound internal control environment with clear objectives that demonstrate managers' commitment to public integrity and public-service values, and that provides a reasonable level of assurance of an organisation's efficiency, performance and compliance with laws and practices.
PWC	We see a compelling public interest mandate to explore the concept of expanding the reach of the Code to cover assurance service providers other than PAPPs. With the currently rapidly increasing demand from investors and other stakeholders for transparent and informative ESG reporting comes an accompanying demand for assurance. In order to maintain and enhance trust in the capital markets this assurance needs to be of the highest quality. In terms of supply, provision of this assurance will come from both PAPPs and non-accountants. As noted above, there are currently no comprehensive or globally accepted standards that govern the ethical conduct or independence of these other assurance service providers, or standards as comprehensive as those in the IESBA Code. This lack of ethical and independence framework is a notable gap in the quality framework for these assurance providers and risks undermining the trust that users place in sustainability assurance. We therefore agree with the IESBA that all providers of sustainability assurance services should be held to the same high ethics (including independence) standards, regardless of the profession to which they belong. That said, we can see practical challenges. While we can see a clear need for common reporting and ethical standards and a level playing field so that users of reports have confidence in the ethical (and reporting) standards applied by all assurance providers, the IESBA has no remit over those who are not professional accountants (whether in this space or for example tax planning) and we are therefore skeptical as to what the Board can achieve in terms of any direct application of the Code. There is a risk of exacerbating or creating an expectation gap if the Board were to attempt to expand the Code to cover service providers other than PAPPs given that they are not required to comply and indeed may not.

Respondents	Comments
	That said, we do believe that if other providers make reference to the relevant ISA in their reports that it should be clear that compliance with the related ethical and independence requirements in the Code (and IIS) is required and should be affirmed in their report. We could also envisage that the Board could develop guidance to others which could be adopted on a voluntary basis and ideally be disclosed in the assurance report or that the Board might collaborate with other global or local bodies representing other assurance providers with a view to them adopting relevant parts of the Standard in their own ethical requirements.
RSM	Consistency is needed in the way that assurance is derived through the application of internationally recognised engagement standards in order to allow for a level playing-field for those organisations who provide assurance. Providers of assurance should be required to follow the same engagement standards and uphold the same level of ethical standards in order to derive assurance. For example, all providers of assurance should be bound by the international independence requirements. Having to comply with engagement and ethical standards comes at a cost and so service providers that are not required to follow these requirements will be able to offer the service at a lower price. This could in turn result in a barrier to entry for Professional Accountants in Public Practice ("PAPPs") to operate in this area. As such, we believe it is important that the IESBA explores the concept of expanding the scope of the Code or other alternatives to ensure that there is a level playing field for all assurance providers including PAPPs. The preconditions associated with expanding the ethical requirements to non-accountants include the following: - Consistency in the way that data points associated with sustainability are measured; - Consistency in the reporting standards associated with sustainability reporting; - Consistency in qualifications for those who provide assurance; - Consistency in the engagement and ethical standards that are followed by those who provide assurance engagements; - Consistency in the way in which assurance providers are regulated and monitored. However, these preconditions would also apply to the IESBA introducing ethical standards in this area generally. There will be challenges in agreeing on and setting up the structures internationally to ensure these preconditions. As stated above, we therefore think that the IESBA should continue to work closely with the IAASB, the International Organization of Securities Commissions, other relevant international bodies and regulatory bodies in major jurisdictions.

Respondents	Comments
Tony Alizzi from Hewlett Packard Enterprise	YES
UKFRC	We believe that IESBA should explore the concept of expanding the scope of the Code to cover assurance service providers other than PAPPs. This should anticipate the provision of assurance on subject matters which may be outside the traditional range of the accountancy profession. There should be clear indications that the market has begun to move towards the widespread provision of assurance services by providers other than PAPPs, and that the subject matter relates to areas of clear public interest. We note the following challenges and drawbacks to this approach. The IESBA will need to ensure that the Code's provisions are relevant to assurance providers that do not conform to the traditional accountancy firm model. These providers may not be partnerships, and exhibit different reporting structures. They may also comply with quality and assurance standards issued by bodies which do not participate within IFAC. The Code may also need to engage with questions of equivalence with the ethical frameworks of other professions. Additionally, many of the concepts included within the Code may not translate straightforwardly to new and evolving forms of non-financial assurance. Careful thought and consultation will be required to make sure that these concepts can be used more widely. Additionally, there may be issues arising from legal requirements for assurance as opposed to voluntary reporting which require robust investigation. One further challenge is to ensure that any expansion of the Code is proportionate and enforceable. It is worth considering, for example, that accountancy firms providing a range of assurance services to an entity may be at higher risk of ethical breaches, whereas a bespoke assurance provider that only provides assurance one area may not be exposed to the same level of risk. At the same time those bespoke assurance providers may be unfamiliar with the current requirements of the Code and the mindset, controls and compliance monitoring required to implement them.
Validor Management	YES
WFE	We support IESBA in exploring the concept of expanding the scope of the Code to cover assurance service providers other than PAPPs. When non-PAPPs perform audit and assurance services, they should also follow rigorous requirements to ensure public interests are protected. This will ensure a level playing field.
WPK	We consider the discussion of an extension of the Code to assurance service providers other than the audit profession as appropriate. This is particularly important in order to ensure an uniformly high quality of the services, regardless of the specific qualification of the service provider. This would also avoid possible competitive disadvantages for the audit profession.

Respondents	Comments
	On the other hand, we are of the opinion that this issue cannot be discussed separately from the question of whether the other service providers would be bound by the requirements of the IESBA at all. Thus, it is not only important to have a "theoretical" regulation by IESBA in place, rather the requirements must also be enforceable.
XRB	• There is a need for ethical standards for a broader type of assurance practitioner, not limited to professional accountants, without compromising on competence, independence and quality. • We support the IESBA exploring how to open the Code up. A challenge for the IESBA will be to get buy-in/acceptance from other players in this area. The IESBA cannot assume that other professions will adopt the Code. • In New Zealand we are exploring ways to be more inclusive, and recognise the ethical requirements of other professions, recognising that increasingly this space will include a number of subject matter professionals. • The wording "at least as demanding" in ISAE 3000 is challenging as it is unclear who makes that assessment. Comparing ethical requirements across professions is no easy task, and it is not possible to make a statement that one profession's requirements are better or worse than another. However, it is in the public interest that there is a level playing field, and a clear understanding by users of either what those requirements are or how they differ if there are to be multiple players in this space. We encourage an inclusive approach, that recognises and respects other professions' requirements