IESBA Strategy Survey 2022

Comments on Survey Question 4

Survey Question 4

Beyond sustainability reporting which is covered under the first strategic focus area above, do you believe the IESBA should dedicate strategic focus on further raising the bar of ethical behavior for PAIBs in its next strategy period (2024-2027)?

Respondents	Comments
ACCA	We commend the IESBA for already taking forward a plethora of projects during the last two strategic periods in support of raising the bar of ethical behaviour for professional accountants in business (PAIB). Therefore, we suggest that it focuses on the post-implementation reviews (PIRs) and monitoring of its significant revisions and new provisions put forward in its next strategy period (2024-2027), rather than dedicating additional strategic focus on further raising the bar for PAIBs. In this regard, we also suggest that the IESBA closely monitors the developments and trends in the broader technology environment in conjunction with the outcome of the technology-related revisions to the Code consultation process.
ACFBH	No
AE	Along with the conceptual framework and fundamental principles, Part-2 of the Code already provides a strong framework for the PAIBs whose main public interest function relates to companies' public disclosures made to the market. Business environment is evolving, and companies are adopting innovative approaches to their governance, strategy, and operations. This evolution, in turn, affects the ways that the PAIB's play their role. In this regard, we are glad to see that the IESBA has already considered technology and its ethical implications as a priority. A potential area for the IESBA's consideration could be the challenges encountered by PAIBs in complying with NOCLAR provisions of the Code, particularly in jurisdictions where there is no legal framework for whistle-blower protection. We are glad to see that the IESBA plans to initiate a post-implementation review of the NOCLAR provisions in the current strategy period. It is critical to perform such a review which will most likely also require utilisation of the IESBA resources in the next strategy

Respondents	Comments
	period. For clarity, we are not proposing that there is a need for revisions to the Code but rather for IESBA to highlight to key stakeholders e.g. members of the Monitoring Group that the NOCLAR provisions in isolation are not sufficient but rather supporting measures need to be taken elsewhere to complement the NOCLAR provisions. In this regard, jurisdictions need to ensure that they put in place appropriate mechanisms to provide adequate protection to individuals (including professional accountants) who are placed in a situation where they are considering reporting a matter of non-compliance in the public interest. Although the requirements and the application material in the Section 260 of the Code are adequate; in practice, potential whistle-blowers may often be discouraged from reporting their concerns or suspicions due to fear of retaliation. In this context, the IESBA could discuss with the MG the importance of having a balanced and effective framework that has secure reporting channels and protects whistle blowers against retaliation.
AIA	We believe the IESBA should place a medium level of importance on this area. PAIB play a key role in the financial and sustainability reporting supply chains and facilitate effective governance in organizations and as such impact the quality of assurance of financial and sustainability reporting.
APESB	Global audit regulators have continuously raised issues concerning audit deficiencies and the number of issues identified during the regulatory reviews. From the preparer's perspective, this information is initially prepared by PAIBs. Accordingly, PAIBs also have a role to play in delivering quality information for audit purposes. During the COVID pandemic, the resources developed by the IESBA were an excellent tool to assist all accountants in understanding how to act ethically during that period. It would be good to see resources specifically developed for PAIBs that help them understand their professional and ethical responsibilities in the financial reporting supply chain.
BDO	BDO believes that the IESBA Code currently provides sufficient guidance to PAIBs. We, however, question whether PAIBs understand the authority of the IESBA Code within their organisation or have sufficient knowledge of the provisions of the IESBA Code and how it applies to their roles within their organisation. BDO believes that Public Accountancy Organisations' (PAOs) responsibility regarding the monitoring and disciplining of PAIBs should be emphasised through the publication of non-authoritative material. BDO suggests that the IESBA prioritise the development of application guidance documents for PAIBs, and to consider developing training on the application of the IESBA Code in general. The IESBA Code positions all professional accountants as equal in terms of their role in protecting the public interest, thus creating an expectation by the public. PAIBs and PAPPs have equal responsibility to protect public interest as part of the financial ecosystem. BDO believes that in practice the PAIB's might not consistently regard themselves having the same responsibilities as the PAPPs regarding the protection of the public's interest.

Respondents	Comments
	PAIBs play important roles within organizations, to develop business cases, manage performance, implement reporting arrangements and systems, and assess and assist in the development of governance and risk management arrangements and strong internal controls thus their ethical standards are critical in safeguarding the public's interest. The public relying on PAPPs to ensure quality of reporting is creating an expectation gap. BDO encourages the IESBA to action projects that reduce the disparity between the ethical expectations of PAPPs and PAIBs, specifically focused on the role of PAIBs in protecting the public interest. BDO believes that the provisions in the IESBA Code regarding the perceived conflict in the PAIB's role in being a loyal employee versus their responsibility in protecting the public interest are clear. A possible cause of this perceived conflict is that the employing organisation does not understand that there is a public interest element to the duties of the PAIB. Training and awareness amongst employing organisations and PAIBs of the public interest of the PAIB duties, as well as how PAIBs ought to prioritise their loyalty towards their employer versus serving the public interest will be beneficial in addressing this perceived conflict. BDO suggests that the ethical leadership responsibility of PAIBs as addressed through the Role and Mindset provisions in the Code, should be emphasised through detailed guidance by IESBA in the form of non-authoritative material. This could include more ethics guidance/ directives for PAIBs in directorship roles.
BICA	There is need to consider emerging issues and ensure the PAIB are consciously aware of their dealings and behavior at all time. IESBA should therefore continue to dedicate its strategic focus on further raising the bar of ethical behavior of PAIB.
CAANZ	We are supportive of the IESBA dedicating strategic focus to further raising the bar of ethical behaviour for PAIBs. While there are already comprehensive provisions in the Code for PAIBs, there is also a need for these to be regularly revisited to ensure they are consistent with evolving expectations. The recent major IESBA projects have focused on PAPPs, particularly assurance practitioners, therefore it is timely to review the provisions in the Code for PAIBs. The PAIB's role in preparing external reports is vital to the ongoing trust in the profession and is also fundamentally important to audit quality. The need for quality and accountability in corporate reporting across the entire reporting supply chain is imperative to building trust in the broader financial system. It may be that the Code requires limited change but what is required is a focus on increasing awareness of the Code within this segment of the profession.
CPAA	It is not clear what the IESBA proposes in terms of "raising the bar" of ethical behaviour for professional accountants in business. What are the specific areas of focus for the IESBA in this regard?

Respondents	Comments
	It is recognised that the role of professional accountants employed in a business is extremely complex, especially when the Code imposes obligations upon them which are not imposed upon their fellow workers. Additionally, there are inherent challenges with professional accountants complying with certain requirements, such as NOCLAR, in a business setting. In undertaking work in this space, it is incumbent on the IESBA to liaise and work closely with other appropriate organisations, such as for example, associations representing governance experts and company directors. Moreover, as noted in response to earlier questions, the IESBA should be looking at providing non-authoritative guidance rather than adding more requirements to the Code.
CPAC	Overall, the PTC believes that there are sufficient ethical standards already in place, and it is not clear what IESBA might be considering beyond what is currently in the conceptual framework. We believe that there may be diminishing returns if the introduction of new prohibitions and rules leads to the Code becoming less principles-based. It was also noted that breaches of ethical requirements by PAIBs are generally only brought to light when someone raises a complaint (e.g., a fraud), and that it will be difficult to change this in any way that will noticeably influence behavior in a manner that is observable to the public (i.e., because it is only observable when something has gone wrong). However, an option for IESBA to consider is that the introduction of principles about leading indicators could be helpful in avoiding/mitigating the threat of fraud or other public trust types of complaints. The PTC recognizes that this is an important area which must continue to be held in the highest regard by all PAs. Therefore, the PTC believes that ongoing monitoring and consideration of future amendments to address any ethical concerns that arise is a valid strategic focus area. Furthermore, with regard to existing and future ethical standards, the IESBA should always consider enforceability when drafting the standard.
Cristian Munarriz	No, I do not see any significant issue to be considered.
CSCADG	Yes very definitely . In many jurisdictions accountants in business do not have clear rules of behaviour to which they are expected to subscribe. Many accountants in business are not members of organisations which are members of IFAC. Therefore in raising the ethical bar for PAIBs the IESBA would have to petition country legislative organisations if a Code of behaviour would have the support of the legislature and allow individuals or organisations to hold them accountable for any non-compliance with such laws.
Deloitte	Deloitte Global is not aware of any systemic trends or evidence-based analysis that would suggest the Board should dedicate strategic focus on further standard-setting for professional accountants in business. However, as noted above the Board could consider developing specific ethical guidance for those who are responsible for the preparation of sustainability reporting.

Respondents	Comments
Dilip Jain from Crowe Global	Very much Yes. The heightened requirement should emphasise on ethical behaviour and conduct and should also help meet the ever increasing requirements of the regulators and professional bodies across the world. This will also help the mid-size and smaller firms to be sustain and be viable at global levels.
EFAA	We believe the IESBA should place a medium level of importance on this area. PAIB play a key role in the financial and sustainability reporting supply chains and facilitate effective governance in organizations and as such impact the quality of assurance of financial and sustainability reporting.
EY	As this relates to public accountants in business, we have no specific comments. However, we continue to support the efforts of the IESBA in strengthening the ethical requirements as they relate to professional accountants in business.
FIPECAFI	I think that the current status of the Code is enough, due to the ethical bar has already elevated since last years.
Frederik Eloff from SAICA	No. It seems that the BAR is raised and raised and raised. A lot have been said about this subject and it is a focus area. I think the focus have to shift to business entities. Organisations that employ professional accountants in business have to engage with member bodies (SAICA and IRBA in SA) to ensure a pro active approach to ethical behavior in their entities. It should be part of their core values and again, not just on paper ... business entities need to take reponsibility for programs and any other form of assistance to professionals to ensure ethical behavior and development thereof.
HKCIPA	Considering the global trend of using innovative technology in the accountancy profession and in providing professional services, there is a need to enhance the Code robustness and expand its relevance in an environment being reshaped by rapid technological advancements. Given that the Code would be revised for requirements relating to technology, we believe the Code would remain robust and fit for purpose for the years to come. We would support providing guidance through non-authoritative material rather than making further revisions to the Code itself.
IAFEI	Yes, the IESBA should consider further raising the bar of ethical behavior for PAIBs in 2024-27 strategy period. Upholding the integrity of financial reporting starts at the preparation of reports by business entities. Thus, PAIBs professional conduct should be in keeping with the times just like professional accountants in practice.

Respondents	Comments
ICAEW	As trusted advisors, professional accountants should be encouraging the best behaviour of members for all companies. Such ethical principles must cover the perceived "trade- off" between profitability and ethical compliance and the responsibility of the PAIB to advise boards on ethical behaviour and conduct. It is important that CFOs of, say, all PIEs (and ideally OEPIs) are equally subject to the Code, both for raising and maintaining standards and also to prevent integrity arbitrage. The current Code of Ethics does not sufficiently deal with the wider ethical areas on which CFOs in particular are now being called upon to advise. Specific examples, for example, would be the use of robotics to replace workforce; the citing of new operations in low pay regimes; the use of (legal) low tax areas; and the extent to which an organisation should continue to deal with businesses or countries which are themselves acting unethically. The wider use of AI also needs to be considered (and this applies to both PAIBs and PAPPs), in particular, where responsibility lies in the context of increasing use of autonomous systems with their own increasing agency. In defining ethical principles or making changes to the Code, ICAEW notes that it would be important to recognise and take into account the public's changing perception of what is now considered to be "ethical" behaviour by organisations. In particular, there is an increasing focus on the preservation and creation of non-financial forms of capital (a move away from the primacy of profit and shareholders). However, there is a risk that, were the bar to be raised too high (particularly as regards documentation of compliance or training), then PAIBs, once they have a sufficiently strong CV, might simply leave their professional bodies. As such, this might tend to lower the ethical standard compliance across business as a whole, rather than raise it. To that extent changes will need to be introduced progressively starting with non-mandatory guidance and raising the bar as any side effects are better understood. In addition, ICAEW suggests that there is scope to include more detailed material on issues such as "whistleblowing" or how PAIBs in smaller businesses, where they have no other internal assistance, may seek advice.
ICAS	In recent years IESBA has undertaken a number of projects which have impacted on the ethical requirements that are applicable to PAIBs. Indeed, there are currently projects on technology, tax and sustainability which will further impact PAIBs. Other than the work being undertaken in relation to these current projects, which potentially have significant implications, we do not believe that there is a need for IESBA to dedicate strategic focus on raising the bar of ethical behaviour for PAIBs in the next strategy period. However, a potential activity for IESBA out-with standard setting would be to highlight to key stakeholders e.g. members of the Monitoring Group that the NOCLAR provisions in isolation are not sufficient but rather supporting measures need to be put in place by other bodies to complement these provisions. In this regard, jurisdictions need to ensure that they have in place, or

Respondents	Comments
	put in place, appropriate mechanisms to provide adequate protection to individuals (including professional accountants) who are placed in a situation where they are considering reporting a matter of non-compliance in the public interest.
IDW	We agree that the ethical requirements for PAIB should be strengthened, since matters such as management bias, greenwashing etc. are a matter for preparers in the first instance.
IFAC SMPAG	We recognize that PAIBs play a significant role in the preparation of financial information and increasingly non-financial information. As noted above, this may also involve individuals in a company who are not already subject to the Code, and this could be an issue that could warrant further exploration and consideration. It should also be noted that in recent years, we are seeing more changes to the portions of the Code that cover PAIBs. We are curious whether post implementation reviews have been done on this sector as it can be harder to perform outreach and gather data from the PAIB community. We believe it is important for the Board to have a strong evidence base before considering introducing additional changes to the Code that apply to PAIBs. It would be beneficial for the Board to look into how the implementation of recent changes are working in practice with the PAIB constituency. Such a review would inform the IESBA about any practical difficulties experienced in applying the provisions, whether unintended consequences have resulted from any specific provisions, and also whether specific aspects of the Code are as effective as IESBA had intended it to be. It may be that other initiatives could be undertaken to support PAIBs outside of changes to the Code that could address certain issues (e.g. practical tools, guidance and training by Professional Accountancy Organizations). We strongly recommend that the Board engages with IFAC's PAIB Advisory Group as part of its outreach activities.
Ikhlaas Dooreemeah from BDO International Limited	yes
IRBA	The most important strategic pillar from our jurisdictional perspective is *"Raising the bar of ethical behavior for professional accountants"* (not only in) *in business*, but also in public practice. The media continues to highlight unethical conduct in business and professional practice. Understanding what gives rise to these behaviours is important in directing how to address them, including identifying potential gaps / implementation challenges in the Code.

Respondents	Comments
	In South Africa, the auditing and accounting profession has suffered many criticisms. Topics highlighted in the media include, but are not limited to: • Collusion • Bribery • Facilitation • Conflict of interest • Increased pressures on accountants/auditors when businesses are under financial distress • Whistleblowing • NOCLAR • Accountants/Auditors not managing their Continued Professional Development (CPD) • Complacency It's important that PAIBs understand: • Their role in Corporate Governance • How to maintain their cognitive intelligence • How to be responsible and ethical leaders Although we face some unique jurisdictional challenges, we note that it is not purely a jurisdictional matter given the links between State Capture and International Firms as well as considering some of the recent publicity from the UK and US, for example: South Africa News: | The bankers, lawyers and liars who enabled state capture (opensecrets.org.za) State Capture Report: Implications for the accountancy profession - SAIPA (68) Webinar: The role of Auditors in preventing State Capture - YouTube UK News: KPMG and ex-partner accused of misconduct in FRC's investigation into Carillion audit (cityam.com) KPMG to be fined £14m for forging documents over Carillion audit | KPMG | The Guardian

Respondents	Comments
	US News: Ernst & Young pays $100m to settle US charges of cheating on ethics exams | EY | The Guardian PCAOB Sanctions Engagement Quality Reviewer for Inadequate Reviews and False Documentation Created in Advance of Inspection | PCAOB (pcaobus.org) PCAOB Sanctions Former KPMG Vice Chair of Audit for Failure Reasonably to Supervise, Imposing Largest Individual Penalty Ever in a Settled Proceeding | PCAOB (pcaobus.org) Thus, strengthening / improving actual ethical conduct in business *and in performing professional services* is an important goal and should remain at the top of the IESBAs strategic focus. To this extent it should not be limited to PAIBs, but PAPPs overall. "*Raising the bar"* does not suggest a prominent leadership role for IESBA, rather one that involves following developments. Considering current affairs, it may be necessary for IESBA to reflect on this strategic pillar, which implies following instead of leading, to enhance its relevance and lead efforts to improve ethical conduct in business and public practice. We propose an objective look at the Code in light of current trends, developments or issues. Alternatively, post-implementation reviews especially in relation to some of the more recent provisions, could prove insightful. The Code needs to be modernised in areas where there has been change in the world, and where the Code is lagging, for example, in the area of auditor independence standards. Refer to response to question 5 for context. The Code needs to help simplify the application of existing provisions to enhance its effectiveness for example: It is complicated to identify the audit client, and therefore difficult to determine which time-on and time-off periods apply to PIEs vs non-PIEs, their related entities and the individuals associated with all the preceding entities. i.e., it is a process to get to the correct answer. Being clearer about which non-audit services are prohibited and which ones are not and at what levels (PIE vs non-PIE and including or excluding related entities). The Code contains a list of services that may create threats; whether these are then prohibited or not requires a complicated and sometimes judgmental assessment. The list gets longer every time a practitioner identifies a "loophole" i.e., a scenario not specifically provided for by the Code. Long term, what is the vision to simplify this assessment? IESBA needs to make an assessment of the achievements of the NOCLAR provisions. Has it achieved its intended purpose / changed behaviours? PAOs should be asked about evidence of NOCLARs occurring.
ISCA	We believe that IESBA should dedicate a reasonable level of focus to further raise the bar of ethical behaviour for PAIBs, given that they are an important stakeholder group of the financial reporting ecosystem and the preparers of financial statements. To that end, we agree with the topic "Familiarity Threat in Relation to Part 2 of the Code" mentioned in Section C of this survey

Respondents	Comments
	document. Also, IESBA may consider providing more guidance and application materials to PAIBs in the area of relying on the work of others, including experts.
JICPA	Considering the situation of heightened expectations from public interest to strengthen corporate governance and the emergence of new social issues such as cyber security, the importance of the role played by PAIBs is expected to increase. Therefore, we believe that it is necessary to set a high standard of ethical behavior for PAIBs to observe. However, the ethical behavior of PAIBs is required when they perform their professional activities as professional accountants, and we believe that it is necessary to organize the expected roles of PAIBs so that the scope of ethical behavior to be observed by PAIBs is not unnecessarily extended beyond the scope of its inherent professional activities such as financial and corporate reporting.
KPMG	Given the vital role PAIBs play in financial reporting (and reporting of other information), we consider it important that the Code is robust in driving appropriate ethical behavior of PAIBs in preparing and reporting information. Evaluating whether revisions to the provisions of the Code applicable to PAIBs are necessary to drive improvements in the reliability of information would be an important focus and would serve the public interest. Specific areas for consideration would be use of experts and relying on the work of others. When using experts, PAIBs need more guidance to direct their level and extent of involvement. Considering the proposals in the Technology exposure draft, which present 10 factors to consider when relying on information in technology, the section now seems imbalanced related to relying on the work of others where only 2 factors are presented. When considering changes in the Code for PAIBs, the IESBA needs to be mindful of whether the PAIBs are in a senior role in an organization, including whether they have governance responsibilities, as compared to PAIBs at more junior levels who would not have the same sphere of influence or authority. Thus, any proposed changes need to be clearly linked to whether the PAIB is in a senior role or be drafted such that expectations are scalable based on the role of the professional, so that they are practicable to implement and to enforce. This is consistent with other requirements in the Code relating to PAIBs that are similarly differentiated for those in a senior role.
LCPAA	Please refer to our respond in question 1.
Leaf Excellence	Yes. The PAIBs are an integral part of detecting and observing inappropriate behaviour by corporate management, and cannot hold the pdofessional designation if not acting ethically and performing necessary reporting functions to limit unethical corporate governance and reporting.
MIA	Yes, we believe the current issues as identified under Section C of this Survey are relevant to the PAIBs for the next SWP.

Respondents	Comments
MNP	The IESBA should continue to consider the need for changes to the ethical standards for PAIBs as part of any projects it enters into for PAPPs, similar to the approach taken with the technology-related revisions to the Code project. PAIBs should be held to a comparable level of ethical standards as PAPPs as it relates to the preparation of information subject to assurance. It will also be imperative that the IESBA dedicate strategic focus on the completion of post-implementation reviews and monitoring of the significant revisions and new provisions put forward in the Code during its current strategy period relating to PAIBs.
NRF	We believe that the IESBA could have a more dedicated focus om PAIBs in its next strategy period. However, before initiating new projects that aim to further raise the bar of the ethical behavior of PAIBs, we encourage the IESBA to obtain an understanding of the level of PAIBs' adoption and implementation of the current Code (e.g., by PIRs on recent changes). If those levels are unsatisfactorily, the IESBA should look for information to understand the reasons hereto and, based on that, first focus on how to raise these levels by targeted outreach activities.
OECD	**EXD/DO** No. Most firms cover this area with Codes of Conduct; too many overlapping codes and requirements will be counter-productive. **EXD/PBF** It may be a useful exercise to review the current standards and any perceived shortcomings. **GOV/PSI** Ensuring a strategic approach to sound and effective internal control systems that includes assessing governance and risks to public integrity, addressing control weaknesses (including building warning signals into critical processes) as well as building an efficient monitoring and quality assurance mechanisms. Encourage transparency and stakeholders' engagement at all stages of the political process and policy cycle to promote accountability and the public interest, in particular through promoting transparency and an open government, including ensuring access to information and open data, along with timely responses to requests for information.
PWC	The Board has already deliberated concerns about "greenwashing" from a preparer perspective and this is likely to be an area where Part 2 of the Code (PAIBs) might need to be enhanced.

Respondents	Comments
RSM	As above, we believe that the IESBA should focus on the broader aspects of Environmental, Social and Governance ("ESG") requirements and reporting and not just Sustainability. The focus should be linked to what organisations are required to measure and report on to the public. We also think that the IESBA should continue to focus on the consequences of the development and use of technology by PAIBs. One area described in the development of non-authoritative material ("NAM") relates to the suggestion that the IESBA should consider developing NAM that provides expanded explanation of the eight examples of bias as well as other types of biases that may also be relevant to the exercise of professional judgment. This will become increasingly relevant as artificial intelligence and the use of other technology-based solutions such as use of a virtual workforce through automation. We think it is important that the IESBA focus on how Professional Accountants shouldidentify ethical considerations associated with these and other technology solutions developed, being developed and to be developed, that support organisations with the ongoing and sustained pace of change. The IESBA may consider the structures, support and resources it needs to enable it to keep pace with the dynamic change environment facing all of us.
Tony Alizzi from Hewlett Packard Enterprise	YES I THINK IT SHOULD BE ASSUMED.
UKFRC	The FRC believes that the relationship between professional accountants and third-party suppliers is one area which would be worthy of strategic focus. The growth in the use of third-party tools creates risks where an assurance provider sells on services without fully understanding the potential limitations to those tools. Ensuring that professional accountants retain a reasonable working understanding of how these tools work, and how their results may be interpreted, will help maintain public confidence in the profession. In addition, the current growth in financial crime – in particular, technology-related fraud – in many jurisdictions should be an area of focus. The potential for this form of criminality to undermine public confidence in business and the accountancy profession is considerable. Professional accountants are already often co-opted by the authorities into the fight against financial crime though anti-money laundering regulations and international sanctions. Indeed, recent international events may have increased the responsibility of the accounting profession in preventing the avoidance of trade sanctions. There has been a strong focus on strengthening the auditor's responsibilities over fraud in recent years. However, there does not appear to have been an equivalent focus on PAIBs, and the IESBA could consider whether the Code does all it can on this matter.

Respondents	Comments
Validor Management	YES
WFE	We appreciate that IESBA has devoted much of its efforts and time on the ethical requirements of accountants in the profession (Audit and Assurance) in recent years. These efforts have helped to improve the audit and assurance profession's Code and independence requirements in the public interest. Our suggestion is that it is time to focus on the culture and ethical values of Professional Accountants in Business (PAIB). Investor protection starts from the source of financial information. PAIBs should be held to the same public interest mandate as auditors, and it is important to establish the right culture and independence mindset to ensure investors are protected from the point at which the information is sourced. We support raising the bar.
WPK	Since German law does not yet allow for PAIB, we would refrain from commenting on this question
XRB	• As described in the previous section, we consider sustainability reporting to be the area of highest priority. Ethical considerations for sustainability reporting will extend to the PAIB. • We recognise that PAIBs are an important part of audit quality – i.e., the quality of an audit is linked to the quality of the information prepared. • Part 2 of the Code is outside the remit of the XRB. Accordingly, we have no further comment on this topic.