IESBA Strategy Survey 2022

Comments on Survey Question 7

Survey Question 7

Are there specific operability issues or concerns with respect to the Code you believe the IESBA should be made aware of?

Respondents	Comments
ACCA	Overall, we suggest that it is crucial for the IESBA to continue closely coordinating with the IAASB and other key stakeholders while progressing in its projects in order to mitigate any operability issues arising from the implementation of the new provisions or other revisions to the Code. A key area of concern might be in the IESBA developments within the sustainability space. We outline some of our concerns in Question 2 above, as these may be linked to important operability issues, if the IESBA proceeds with expanding the scope of the Code to cover assurance providers other than PAPPs.
ACFBH	No
AE	We are not aware of any other specific operability issue or concern other than the matters raised in our responses to other questions of this survey.
AIA	We have no specific operability issues or concerns to bring to the IESBA's attention.
APESB	APESB is unaware of any operability issues or concerns concerning the Code.
BDO	No additional matters noted.
BICA	None noted.

Respondents	Comments
CAANZ	The most significant challenge affecting the operability of the Code is the magnitude and frequency of amendments. We would encourage the IESBA to resist making further substantive changes to the Code until users have had an opportunity to implement the changes, and the impact of these changes has been reviewed and assessed.
CPAA	As noted previously, our members are concerned with the increasing length of the Code and the continual addition of new requirements to the Code, rather than developing and providing non-authoritative guidance and other materials. Our members have advised us of challenges with the potential ongoing relevance of the Code and the ability to implement – and train and teach others about – the Code. With reference to the response to Question 2, members have also expressed concerns about the impact on the operability of the Code if the scope of the Code was to be expanded. The challenges noted by our members largely stem from the: • ongoing addition of numerous new requirements in the Code, when guidance may be all that is needed; given that the fundamental principles and conceptual framework are typically sufficient for professional accountants to reach the "right" outcomes • inconsistencies and confusion that appear to be created with the addition of new requirements • overall length of the Code • seemingly over-emphasis and over-focus on auditor independent requirements. Moreover, our members make the following points: • most professional accountants – who are appropriately skilled and competent – will reach the "right" outcome by applying the relevant fundamental principles and the Code's conceptual framework • complying with the Code becomes most challenging – for many, virtually impossible – given that Paragraph 9 of the Code states that "Complying with the Code requires knowing, understanding and applying…all of the relevant provisions…." • that a significant problem created by the growing number of requirements in the Code is that it has created potential inconsistencies and contradictions within the Code (For example, the inconsistency between Section 120 (the conceptual framework) of the Code and the new paragraph R600.16, which seems to imply that Section 120 does not apply in such circumstances). Ultimately, all of these factors will lead to reduced global adoption of the Code.

Respondents	Comments
CPAC	The PTC notes that Canada does not use the IESBA Code, however, with about 75-80% of Canadian PAs working in business, we expect that the duplication within sections 100 – 300 of the IESBA Code could be an issue. We also note that one of the benefits of a principles-based approach should be to reduce the number of specific rules needed to address any possible situation. Therefore, we encourage the IESBA to remain considered and principles-based in their approach rather than developing new rules and guidance to address every possible event.
Cristian Munarriz	NO
CSCADG	None that we are aware of.
Deloitte	NO
Dilip Jain from Crowe Global	How can the monitoring of compliance with the Code be made more effective and transparent?
EFAA	We have no specific operability issues or concerns to bring to the IESBA's attention.
EY	As noted above, we think it is important for the IESBA to address through stakeholder outreach in those jurisdictions that have not or have only partially implemented the Code, or that have supplemented the code with additional local requirements, the benefit of a globally aligned and consistent standard on independence.
FIPECAFI	According to my knoledge the requeriments of Independence and conflict of interests is quite unkonw for some auditors. then the requeriments of training should be increased.
Frederik Eloff from SAICA	no comment
HKCIPA	NO
IAFEI	Scalability and report back mechanism to determine extent of adoption as well as what needs to be done to effective and timely adoption should be looked into. Regularity of report back and assessment of the situation are highly

Respondents	Comments
	recommended.
ICAEW	ICAEW has no further comments on this question other than those made above.
ICAS	We are not aware of any specific operability issues or concerns.
IDW	IDW proposes that IESBA explore as to whether there is a need for de-minimis-exceptions for some requirements related to independence in appearance and, if so, introduce them.
IFAC SMPAG	Keeping up with the pace of change (as noted in our response to question 6), as well as all the interactions and different definitions used in the Code can be extremely challenging. We have received some concerns that the Code has become less principles-based and more rules-based, as well as being too lengthy and complex for SMPs whose main clients are SMEs.
Ikhlaas Dooreemeah from BDO International Limited	no
IRBA	It is not clear, from the proposed strategic pillars, what the IESBAs overall vision is for the Code in the longer term. We continue to develop, add, and build more provisions into the Code, increasing its length and complexity. Despite recent restructuring, it is unclear whether the Code has become easier to use, especially in locating the solution to the issue that brings a user to the Code. Thus, does the strategy incorporate any plans to simplify, enhance understandability, decrease the overall length of the Code and through this enable better use by practitioners? As MG reforms progress, and the composition of the IESBA changes, it will be important to leave space in IESBA's strategy for new Board members to shape the future strategy and work programme, so that their hands are not tied after their appointments. In addition, we offer the following thoughts for your consideration:
ISCA	To draw the necessary attention and focus to the Code and its ethical requirements, it will be very helpful if the Code can be incorporated into local laws and regulations. Hence, we believe IESBA should work with local regulators to achieve this and also in the implementation of the requirements to facilitate more effective compliance with the Code.

Respondents	Comments
IOSCO	Finally, timely and accurate translation of the Code from English to another language is very important in facilitating consistent understanding, adoption and implementation of the Code in practice. Some of our members that have adopted the Code are using a Board-approved translated version in which there are instances where the translation does not reflect the original meaning or intent of the Code. Relatedly, we encourage the Board to continue to consider possible unintended consequences of using words that may be difficult to translate into other languages. Further, we encourage the Board to consider the compliance of the various translating bodies particularly with respect to providing representatives of independent oversight bodies, regulators and other public interest organizations with an opportunity to review the proposed translation before it is finalized. The Board could also consider establishing a process, perhaps as part of a post-implementation review, to address translation issues that were identified subsequent to finalizing a translated version so those issues could be modified and resolved.
JICPA	We have no comment.
KPMG	We don't have any comments on specific operability issues or concerns of the Code that would correlate to a strategic focus.
LCPAA	Yes, there are. In order to implement the code more effectively, it involves many stakeholders in implementation. Awareness and involvement of these stakeholders are crucial.
Leaf Excellence	Lack of focus on regulators, professional bodies, definition of public interest, illegal and unethical regulatory and disciplinary procedures, quality management by these bodies.
MIA	NONE
OECD	**EXD/DO** No **EXD/PBF** NO COMMENT **GOV/PSI** No specific concerns.

Respondents	Comments
PWC	There is often a need for PAs to interpret and develop supplementary policies and guidance to help apply the provisions of the Code but we are not aware of any significant issues or concerns that the Board needs to address.
RSM	The IESBA Code covers a wide-range of ethical issues, has different sections for Professional Accountants in Business and Professional Accountants in Public Practice and contains within it different standards on independence depending on the service provided. While this is very helpful, it can be difficult to follow and comprehend. This then impacts the effectiveness of its implementation. We therefore feel that a significant area of focus should be on what action can be taken and how the Code can be amended to allow it to become more understandable to all those who need to comply with it.
Tony Alizzi from Hewlett Packard Enterprise	NO
UKFRC	We are not aware of any specific operability issues. We identify any concerns that we may have in our response to specific consultation issues.
Validor Management	YES
WFE	As expressed in our earlier response, we suggest that IESBA conduct post-implementation reviews of the recently issued Code and engage with regulators on how these new refinements have changed auditor behavior and how they impact audit quality.
WPK	NONE
XRB	• Through our outreach and consultation on the NAS provisions we are aware of concerns about the operability and consistency of interpretation of the provisions, specifically, around tax services. Concerns included the distinction between what is tax return preparation and what is tax planning and advice – tax return preparation rarely involves simply taking audited numbers and dropping them into a tax return form without the use of professional judgement. Similarly, how much can the PAPP advise the audit client on the tax return treatment of past transactions before such advising becomes a tax planning and advisory service, and therefore subject to the self-review threat prohibition for a PIE audit client? In addition, concerns were raised about consistency of interpretation of the "confident is likely to prevail" wording. We consider that

Respondents	Comments
	there is a need for global consistency and encourage the IESBA to provide guidance to support consistency via non-authoritative guidance.