IESBA Strategy Survey 2022

Comments on Survey Question 9

Survey Question 9

Are there specific ethics or independence-related topics not otherwise covered in this Section or this survey that you believe should be given a high priority by the IESBA?

Respondents	Comments
ACCA	We are not aware of any additional specific topics.
ACFBH	No
AE	We are not aware of any other topic that is not covered in this survey.
AIA	We do not believe there are any other issues that should be given high priority by the IESBA.
APESB	IESBA should plan to have some capacity to deal with emerging technologies and emerging ethical issues that cannot be foreseen at this point in time.
BDO	None noted.
BICA	None noted.
CPAA	One topic that is not covered in this survey, but which is an important topic that is being considered as part of a current ongoing project, is the impacts of technology on ethics, and ethics on technology. It is important that the IESBA continues to give work in this area a high priority.

Respondents	Comments
	Moreover, the IESBA should consider the interactions and relationships between the use of technology and its impacts, and ESG matters including sustainability reporting. It is challenging to consider these topics in isolation, or indeed to treat them as being mutually exclusive. The critical use of technology in essential (for sustainability reporting) scenario analyses, risk assessments, and preparing forward-looking measurements and disclosures etc., and the ethical impacts of these activities, cannot be overstated.
CPAC	The PTC believes that the fundamental principles should be the ultimate guide in relation to ethics or independence-related topics. Therefore, it is important that the IESBA ensures these principles continue to represent the necessary threshold for PAs to meet.
Cristian Munarriz	NO
CSCADG	One of the most important areas of risk of failed independent assurance engagements is that relating to the auditor – client relationship relating to the hiring and firing of external auditors. In public interest entities it is often said that audit committees made up of independent non-executives are given the responsibility and power to hire, evaluate, remunerate and fire external auditors. In many instances this is not so since non-executives are only in the audit committee by the grace of the Chief Executive Director and Finance Director. So, the true decision-making power rests with executive directors which is something the external auditor is only too aware of. In addition, the fee budgets are managed by executive management and the audit committee does little more than cast an eye over the fee budgets in many instances. To make matters worse audit committees are made up of individuals who have absolutely no financial literacy let alone the level of financial literacy which allows such persons to be effective audit committee members. Accordingly, the external auditors, in particular those of younger years, are often under enormous pressure to comply with the wishes of executive management and directors. We believe that work needs to be done in making audit committees effective and secondly dealing with the risks associated with a domineering or demanding executive management.
Deloitte	Overall, we continue to urge the Board to adhere to its criteria for determining actions and priorities and make evidence-based decisions about new workstreams or topics of focus where there is a real problem to solve or a need to make real and impactful improvements. As noted above, we support the Board focusing on developing more implementation guidance and education materials and considering any future standard setting changes only once the Board has undertaken appropriate post- implementation reviews.

Respondents	Comments
Dilip Jain from Crowe Global	NONE
EFAA	We do not believe there are any other issues that should be given high priority by the IESBA.
EY	NO
FIPECAFI	none
Frederik Eloff from SAICA	I found that professional accountants are under huge stress to meet timelines, adhere to standards and keep abreast with developments. It seems that regulatory overview are excessive. Clients demand more for lower fees. We are seeing less accounting and math students in local schools. Firms struggle to find article clerks.
IAFEI	None at the moment.
ICAEW	ICAEW considers that the impact of AI is very much a project which IESBA should continue in the background and should constantly monitor. This is particularly important given the rapid development of technology and functionality. Whist the current changes to the Code of Ethics deal with short term issues, longer term issues such as the replacement of staff by robotics, the emergence of AI with moral agency, the responsibility for training and supervision of such technology, should all be considered in depth by IESBA, *before* they come pressing issues. Ethical behaviour is driven by culture, but the current Ethical Standards say little about culture within organisations, nor address how this can be improved.
ICAS	One potential area, as identified during the technology project, is whether there is a need for a project to consider the implications of a PAPP's custody/holding of data on behalf of clients (in a non-audit context).
IDW	Not to our knowledge.
IFAC SMPAG	We could not think of any additional topics that should be given high priority at this time.
Ikhlaas Dooreemeah from BDO International Limited	no

Respondents	Comments
IRBA	We have no additional comments, over and above what we have already raised in response to Section C and the preceding questions. For ease of reference, we reiterate the specific topics listed in response to question 5: • The effects of Mandatory Audit Firm Rotation (MAFR) on independence and the broader Code • The effects of Audit Only Firms on independence and the broader Code • The effects of Joint audits on independence and the broader Code • Threats to objectivity created by pressures on the audit partner to manage margin whilst being responsible for quality i.e., how can the auditor be truly objective when faced with margin pressures in the current economic environment? • Threats to independence created by extended association with the client in instances where there are delays in the audit. Threats to independence created through sub-contracting arrangements e.g., when one firm subcontracts part of the audit work to another audit firm and the second audit firm provides consulting or other non-assurance services.
ISCA	NONE
JICPA	We have no comment.
KPMG	We do not have other topics that we believe should be given a high priority.
Leaf Excellence	In general in depth knowledge of clients have been sacrificed in favour of more stringent independence requirements. Audit failires e.g. Steinhoff would have been prevented with more in depth knowledge and involvement with individuals in management. If those in management's perspnal affairs were alos handled by the auditor's firm, the faiures would have been prevented.
MIA	In 2019, IESBA published a summary of prohibitions applicable to the audits of PIEs. Since then, the Code has undergone numerous iterations and we are of the view that a new list should be issued to coincide with the coming into effect of the new NAS provision (as well as the new Fees related provisions). Preferably, this should happen in 2023 rather than to wait until the new SWP commences in 2024.

Respondents	Comments
MNP	We would recommend the development of further non-authoritative guidance with respect to acting as a witness as part of the litigation support services rules, including the differences between a witness of fact vs. an expert witness and examples of when the advocacy threat would be at an unacceptable level.
OECD	NO
PWC	NO
RSM	Focus on keeping abreast with changing business practices and the ethical and independence challenges associated with this such that the IESBA is well placed to act timely.
Tony Alizzi from Hewlett Packard Enterprise	NO
UKFRC	There are no other specific ethics or independence related topics that we consider should be given a high priority by the IESBA.
Validor Management	N/A
WPK	None. We would call again for "**a period of stability**" of the Code during which no further material changes should be progressed. IFAC´s member organizations need time to digest the changes which the Code has undergone over the previous years. Most of them need to translate the changes in a first step before being able to display efforts as to how to implement the changes in their respective national laws and professional charters. Particularly the latter process is usually time-consuming since it requires an involvement of the relevant stakeholders and is usually subject to an approval process by an oversight authority. After the implementation in national laws and professional charters has been accomplished, it is up to the firms to carry out corresponding inhouse-implementation measures. This is also a challenging task which can not happen overnight. Against this background we suggest that IESBA focuses its activities on **key areas** such as highlighted by us above and pursues an **evidence-based standard setting approach**.
XRB	We have not identified other high priority areas.