

IESBA SWP 2024 – 2027

PC Proposals

IESBA meeting – December 2023

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Jeanne Viljoen, Senior Manager

Objective

- Provide feedback on the draft revisions to the 1st read of the SWP, in particular with respect to:
 - ❖ The two new key strategic areas of focus
 - ❖ New work streams and prioritization
- Approve the SWP

Overview of IESBA Sept 2023 Discussion

2 burning platform issues

Firm culture and governance

Expanding the scope of the Code

Work streams & prioritization

- Sustainability remain a key focus
- Continue ongoing monitoring of emerging ethical issues relating to technology
- Support for CIVs
- Take into account resource needed for NAM and implementation support
- Remain flexible and agile to respond to emerging ethics issues
- Take into account a new staff-based model
- Strong coordination with IAASB

Joint IAASB IESBA Session

Opportunities for coordination and linkages on selected potential projects / work streams

- Continued coordination on the topic of technology
- Opportunity to jointly inform/education management, TCWG and CFOs
Developing joint implementation support material
- Consider including correspondent members in TF and WG
- Elevate efforts from coordination to integration
- SAC will consider SSBs work from a joint manner

Opportunities, challenges and lessons learned from coordination on Sustainability projects

- Concept of value chain to be addressed by both Boards
- ISQM 1 and IESBA Code appropriate premises for IAASB's new sustainability assurance standards
- Early consultation on fundamental issues that affect both Boards
- Consider joint FAQ and other guidance material
- Reach out jointly to new stakeholder groups



Nov 2023 NSS Meeting

- ❑ Strong support for proposed new work stream: *Firm Culture and Governance* noting that scoping of the project will be important
- ❑ Some support noted for the strategic focus area of expanding scope of the Code, starting with all preparers of sustainability information, encouraging the IESBA to proceed with caution
- ❑ New work stream on Part 4B is necessary in light of gap in independence
- ❑ Balanced approach to prioritization of projects

Sept 2023 CAG Meeting

- ❑ Due process re CAG completed



Firm Culture and Governance



Key IESBA comments

- Key strategic area of focus; require prompt response from IESBA
- Support to include as new work stream
- Set out clear objective and outcomes
- Leverage of work already done by others
- Maintain momentum and consider NAM in the shorter term
- Suggest to include review of the term “audit client”
- Focus should be on audit firms but may consider extending to other organizations in future if appropriate

PC Views and Proposals

- Highlight as a key strategic area of focus in SWP
- Add a new work stream on *Firm Culture and Governance*
 - Analysis of root causes/identification of issues
 - Review extant provisions to determine if further strengthening is necessary
 - Covers broadly services by firms/network
 - Extensive engagement
 - Continue to promote importance of ethics within firms, highlighting profession's responsibility to act in public interest
- Connectivity with other work streams/ topics
 - Look at opportunities to collect relevant information
 - Consider topic of *Firm Culture and Governance* as part of future projects
 - Review of “audit client” term outside scope due to impact on IIS
- Commence in **Q1 2024**, present ToR in March 2024
 - Importance of scoping



IESBA Members are asked to share views on:

- PC's proposed revisions to the draft SWP 2024 – 2027 relating to the strategic focus of *Firm Culture and Governance*





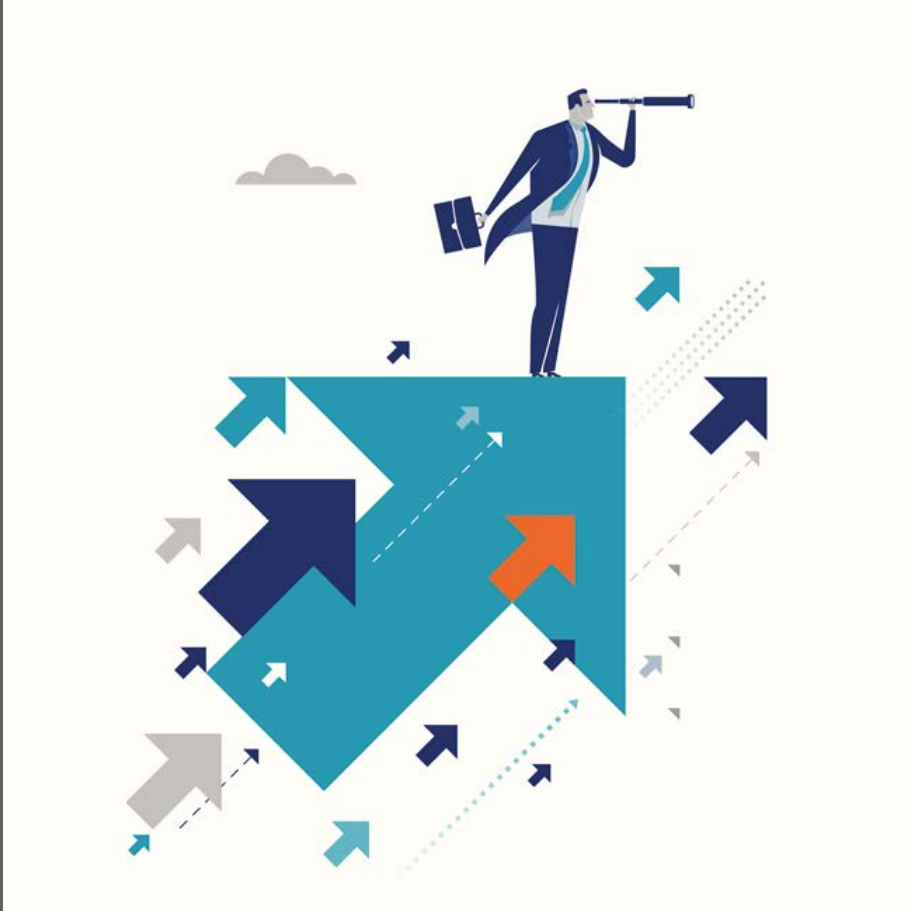
Expanding Scope of the Code



Key IESBA comments

- Strong support to highlight the topic as a public interest matter in the SWP
- Require careful consideration of the approach including clear scope and a focused strategy
- Supportive of phased approach starting with expanding the scope of the Code to all preparers of sustainability information
- Part 4B should also be revised under this strategic focus
- Consultation with broad range of stakeholders is important
- Effective monitoring and enforcement should be taken into consideration
- Gather relevant information as part of *Role of the CFO and other Senior PAIBs* work stream

PC Views and Proposals



- Highlight in SWP as a strategic area of focus with a phased approach
- Agree with the need for careful consideration
- Highlight the need to seek input from preparers
- Add two new work streams under this focus:
 - Expanding Ethics Standards to All Preparers of Sustainability Information
 - Revision of Part 4B of the Code for sustainability assurance
- Commence in 2025 after finalization of Sustainability project
- Work streams will inform IESBA's strategic focus on expanding the scope of Code more broadly
- Work stream on the Role of CFO and Other Senior PAIBs also to commence in 2025 given connectivity with Sustainability-related work streams

IESBA Members are asked to share views on:

- PC's proposed revisions to the draft SWP 2024 – 2027 relating to the strategic focus of *Expanding the Scope of the Code* including the proposed new work streams





Work Streams and Prioritization



Key IESBA comments

- Focus on Sustainability in 2024
- Support for CIV/pension funds/investment company complexes to commence in Q4 2023
- Appeared to be an ambitious work plan
- Consider factors such as resource needed for development of NAM, level of public interest in topic and capacity to implement standards
- Agree that *Firm Culture and Governance* and *Expanding the scope of the Code* have high priority; also support for Role of CFO/senior PAIBs
- Technology remain important

Determining New Topics and Prioritization

Factors taken into Consideration

- Response to [Strategy Survey 2022](#) and [Consultation Paper 2023](#), including feedback from the IESBA CAG
- Scope/ timeliness for [Sustainability](#) and [Use of Experts](#) projects, including staff and volunteer resources
- Recommendations from [Technology WG Phase 2 Report](#) and [Benchmarking WG Phase 1 Report](#)
- Level of importance based on public interest benefit, relevance at a global level, degree of urgency and feasibility within anticipated timelines and resources
- Coordination with IAASB on common strategic drivers and other matters of mutual interest
- Resources for rollout of new standards, development of NAM and stakeholder engagement
- Impact on transitioning to new Board operating model

PC Views and Proposals



PIR – NOCLAR will not commence as planned but postponed to next strategic period



3 new work streams added with **high priority**

- Firm Culture and Governance
- Expanding the Scope of the Code to all preparers of sustainability information
- Revision of Part 4B of the Code



A new work stream on *PIR-Engagement Teams and Group Audits*



All PIRs have been allocated medium priority



Three topics considered to be lower priority moved to “Other Topics of Interest”

PC Views and Proposals

Ongoing

Sustainability

Use of Experts

CIV/Pension Funds/
Investment company
complexes

Pre-committed

PIR – NOCLAR

PIR – Long Association
Phase 2

PIR – Restructured Code

PIR – NAS and Fees

PIR – PIE Definition

New

Firm Culture and Governance *(New)*

Expanding Ethics Standards to All
Preparers of Sustainability Information
(New)

Revision of Part 4B of the Code *(New)*

PIR – ET-GA *(New)*

Role of CFO and Other Senior PAIBs

Business Relationships

Audit Firm – Audit Client Relationship

Other topics of interest

Definitions and Descriptions of Terms

Custody of Data

Communication with TCWG

Other on-going activities

Emerging Issues and Outreach
Committee (EIOC)

Technology Working Group (TWG)

Development of Non-Authoritative
Material (NAM)

Outreach activities

Coordination between IAASB and
IESBA

Staff Views and Proposals

**High
priority**

New work streams

Firm Culture and Governance *(New)*

Expanding Ethics Standards to All Preparers of Sustainability Information *(New)*

Revision of Part 4B of the Code *(New)*

Role of CFO and other Senior PAIBs

PIR – ET-GA *(New)*

Business Relationships

Audit Firm – Audit Client Relationship

**Medium
priority**

Pre-committed work streams

PIR – NOCLAR

PIR – Long Association Phase 2

PIR – Restructured Code

PIR – NAS and Fees

PIR – PIE Definition

**Medium
priority**

Other topics of interest

Definitions and Descriptions of Terms

Custody of Data

Communication with TCWG

**Low
priority**

Staff Views and Proposals

Work Stream	Anticipated Demand on Resources	Milestones			
		2024	2025	2026	2027
Current Projects					
Sustainability – Independence	H	Final pronouncement	Rollout		
Sustainability – Ethics	H	Final pronouncement	Rollout		
Use of External Experts	H	Final pronouncement	Rollout		
CIVs, Pension Funds and Investment Company Complexes	H	Fact finding	ED	Final pronouncement & rollout	
New Work Streams					
Firm Culture and Governance	H	Fact finding	WG recommendations		
Expanding Ethics Standards to All Preparers of Sustainability Information	H		Fact Finding	ED	Final pronouncement & roll out
Role of the CFO and Other Senior PAIB	H		Fact Finding	ED	Final pronouncement & roll out
Revision of Part 4B of the Code	M		Fact finding	ED	Final pronouncement & roll out
Business Relationships	H			Fact Finding	ED

Staff Views and Proposals

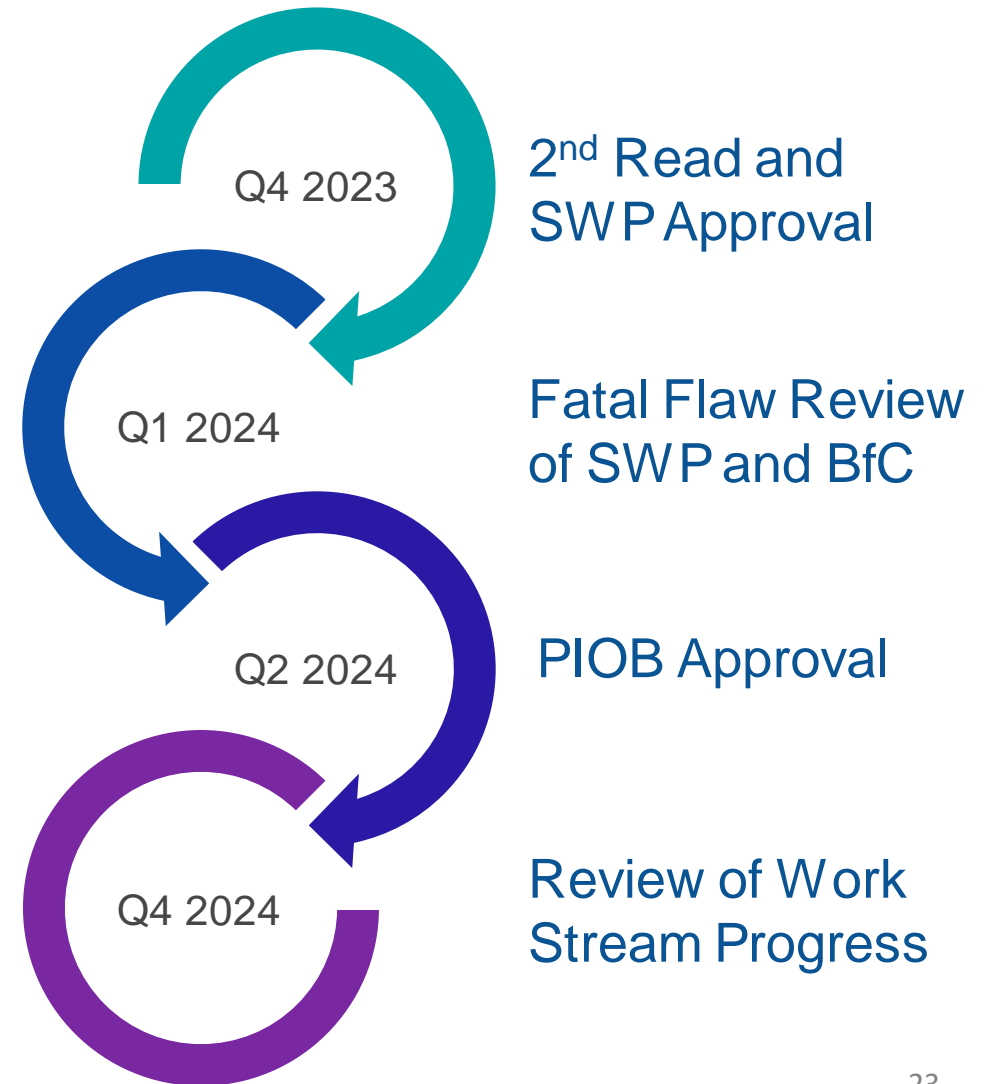
Work Stream	Anticipated Demand on Resources	Milestones			
		2024	2025	2026	2027
Audit firm – Audit Client Relationship	M				Fact Finding
PIR – ET-GA	M				Fact Finding
Pre-Committed Work Streams					
PIR – NOCLAR	M		Fact finding	WG recommendations	
PIR – Long Association Phase 2	M			Fact finding	WG recommendation
PIR – Restructured Code	M			Fact finding	WG recommendation
PIR – NAS and Fees	H				Fact finding
PIR – PIE	M				Fact finding
Other Activities					
EIOC	L	Discussion	Discussion	Discussion	Discussion
Technology (TWG)	L	Discussion	Discussion	Discussion	Discussion
Outreach	M	Ongoing	Ongoing	Ongoing	Ongoing
NAM	L	Ongoing	Ongoing	Ongoing	Ongoing

IESBA Members are asked to share views on:

- PC's proposals on the new and pre-committed work streams including prioritization
- Any other aspects of the draft SWP



Next Steps





www.ethicsboard.org



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