

Report-Back on September 2023 Consultative Advisory Group (CAG) Meeting

The table below contains extracts from the draft September 2023 IESBA CAG meeting minutes and how the Planning Committee (PC) or IESBA has responded to the CAG participants' comments¹.

Matters Raised	IESBA PC/IESBA Response
FIRM CULTURE AND GOVERNANCE	
On the PC's suggestion of a potential topic on firm culture and governance, Mss. Blomme and Riggs as well as Messrs. Dalkin, Kabwe, Thompson and Sobel expressed support for a proposed new work stream on the topic.	Support noted.
Messrs. Thompson and Kabwe expressed the view that this issue is important and could lead to a high-impact project as firm culture and governance are a key driver for the quality of professional services. Mr. Thompson further suggested that addressing this issue will enable firms to demonstrate a commitment to high ethics standards, which in turn may help attract new talent.	<p>Point noted.</p> <p>Taking into account the September 2023 IESBA discussions, the PC proposes that a new work stream on <i>Firm Culture and Governance</i> be included in the work plan and be given priority.</p> <p>The IESBA plans to continually promote the IESBA Code and the importance of ethics within firms to the broader community similar to the statement issued in July 2023.</p> <p>The IESBA will finalize the SWP in December 2023.</p>
Ms. Blomme noted that Accountancy Europe (AE) has recently commenced a project on firm governance but is not anticipating the findings to be available for at least another 12 months given the complexity of the subject matter. She further noted that the Netherlands government has commissioned a review on firm culture which is due to be completed by the end of 2023.	Point noted.
Mr. Dalkin encouraged the IESBA to conduct an analysis of the apparent failures by professional accountants in public practice to identify the root causes and key issues so the IESBA can focus on how the Code can address them.	<p>Point considered.</p> <p>The proposed new work stream will include analysis of the root cause of the unethical behavior and identification of the key issues relating to firm culture and governance.</p>

¹ Refer to Agenda Item 1-E for the draft September 2023 CAG minutes including the list of CAG Representatives and their organizations.

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<p>Ms. Riggs suggested that given the subject matter, the IESBA should consider having the accountancy profession lead the work stream to ensure successful delivery of the work stream's outputs.</p>	<p>Point considered.</p> <p>The proposed new work stream will include extensive engagement with a broad range of stakeholders, including regulators and oversight bodies, national standard setters, professional accounting organizations, firms and the academic community.</p>
OTHER MATTERS	
<p>Ms. Blomme noted respondents' comments on the need for a period of stability to allow the new standards to bed down. She also agreed with broadening the focus of the IESBA's standards beyond the accountancy profession as the ecosystem as a whole is coming more into play.</p>	<p>Point and support noted.</p> <p>The IESBA also plans to review the progress of its work streams in Q4 2024.</p> <p>Taking into account the September 2023 IESBA discussions, the PC proposes that a new work stream on <i>Expanding Ethics Standards to All Preparers of Sustainability Information</i> be added as part of the IESBA's broader strategic focus on expanding the scope of the Code. It is also anticipated that the proposed new work stream on the <i>Role of CFOs and Other Senior PAIB</i> will collect relevant information on the matter.</p>
<p>On the topic of technology, Ms. Blomme observed that technology will be a major global issue in a few years as entities will be more and more technology-driven. Mr. Dalkin suggested the use of a working group to explore ethical issues relating to the growth of technology.</p>	<p>Point noted.</p> <p>The IESBA will continue to monitor emerging issues or developments in the external environment, including the impact of technology, that may warrant standard-setting or other actions. Its Technology Working Group will provide regular updates to the IESBA for its consideration.</p>
<p>Dr. Lawal Danbatta provided an overview of the Islamic Financial Services Board (IFSB) membership which has over 188 members in 58 jurisdictions, including a number of international organizations such as the World Bank and the International Monetary Fund. He noted that in developing its standard-setting work, the IFSB adopts and references the IESBA Code and the IAASB standards. He suggested, in line with the IESBA's proposed vision, the inclusion of more jurisdictions in order to increase the influence of the</p>	<p>Point and support noted.</p> <p>The IESBA will continue to engage in outreach around the world to raise awareness of the importance of ethics to the proper functioning and sustainability of organizations, financial markets and economies worldwide, and to promote further adoption of the Code.</p>

Report-Back on September CAG Meeting
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Code as well as collaborations with more stakeholders in a number of areas.	
Mr. Sobel noted that the work plan appears ambitious. He recognized the challenge in prioritizing projects.	<p>Point noted.</p> <p>Taking into account the September 2023 IESBA discussions, the PC proposes to prioritize the work streams into high and medium priority. It also proposed to move those topics with low priorities into a separate group “Other Topics of Interest”.</p>
Ms. Peters noted that both sustainability and technology are currently not included in the SWP beyond 2024 as potential work streams. She encouraged the IESBA to consider its capacity to assist non-PAs once the sustainability project is finalized, as there could potentially be interpretation issues for non-PAs relative to the new standards in the proposed Part 5.	<p>Point considered.</p> <p>The IESBA will continue to monitor emerging issues or developments in the external environment, including the impact of technology and sustainability, that may warrant standard-setting or other actions. Its Technology Working Group will provide regular updates to the IESBA for its consideration.</p> <p>The IESBA will develop guidance material and other support material as well as undertake a range of rollout activities to assist both PAs and non-PAs with understanding of the approved Standards as part of its rollout activities under the Sustainability project.</p>