

Meeting: IESBA
Meeting Location: New York
Meeting Date: March 10-12, 2025

Agenda Item

4

Firm Culture & Governance (Update)

Objectives of the Session

1. To consider:
 - (a) An update on the upcoming in-person and virtual global roundtables to gather stakeholder feedback;
 - (b) A progress update on the project including the [Project Team](#)'s proposed approach to the development of non-authoritative materials (NAMs), upcoming outreach activities and proposed approach to communications;
 - (c) A brief presentation on the proposed approach to coordination with the International Auditing and Assurance Standards Board (IAASB) and the Project Team's high-level preliminary view on the differences between the accounting firm culture and governance (FCG) framework to be developed by IESBA and [ISQM 1](#).¹

Activities since December 2024

2. At its December 2024 meeting, the IESBA:
 - (a) Accepted the FCG Working Group's [Final Report](#).
 - (b) Approved a [project proposal](#) for the development of a new standard and revisions to the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) (the Code) to establish a FCG framework that promotes, supports, and reinforces ethical behavior within accounting firms (firms). The project also includes a complementary workstream to create NAMs to support the standard-setting work.
3. The FCG Working Group's Final Report, including its findings and recommendations, was released in January 2025.
4. The Project Team has regularly sought strategic input and other advice from the Board member advisors to the project as well as from the IESBA Chair and the IESBA Program and Senior Director. The Project Team also sought strategic input from the IESBA Planning Committee in February 2025.

Update on Global Roundtables and Other Outreach

5. The IESBA agreed to hold a series of global roundtables as part of its public consultation process to inform the development of the new standard and NAMs. These roundtables will take place as follows:

¹ International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

- March 13, 2025, New York City, USA
 - March 20, 2025, Melbourne, Australia
 - March 24, 2025, Brussels, Belgium
 - April 2, 2025, virtual roundtable for the Africa region
 - April 3, 2025, virtual roundtable for the Latin America region
 - April 28, 2025, Kuala Lumpur, Malaysia
6. The IESBA will engage with a broad range of stakeholders including firms, professional accountancy organizations, regulators and oversight bodies, national standard setters, investors, the corporate governance community, those charged with governance, and academics.
 7. During the roundtables, the IESBA will seek perspectives and insights from participants regarding the key elements of a FCG framework identified from the FCG Working Group's Final Report.
 8. Confirmed participants in the roundtables have or will receive a briefing note setting out the objectives of the roundtables and the questions for discussion (see **Agenda Item 4-A**).
 9. Other upcoming outreach includes:
 - A deep-dive session with the Forum of Firms on March 31st. This session will be attended by approximately 40 participants in person and 20 virtually.
 - IESBA representatives also plan to meet with a number of stakeholders at the margins of the in-person roundtables in Australia, Belgium and Malaysia.

Development of NAMs

10. The Project Team will provide a brief presentation on the proposed approach for the development of NAMs, considering its objective to support the standard-setting project.

Coordination with IAASB on ISQM 1

11. The Project Team will inform the IESBA about its proposed approach to coordination with the IAASB on ISQM 1.
12. In response to queries raised by some stakeholders on this topic, the Project Team will also present its high-level preliminary view on the differences between the FCG framework to be developed by IESBA and ISQM 1. In developing the FCG framework, the Project Team will coordinate closely with the IAASB to ensure existing IAASB standards, including ISQM1, are properly considered.

Communication and Engagement with Stakeholders

13. The Project Team is working with the IESBA communications team to develop a high-level communications plan to promote the FCG project and its key milestones through social media, web content, press and other channels. This plan includes a snapshot with frequently asked questions (FAQs) for the public.
14. The IESBA communications team will provide a presentation to the IESBA on this topic.

Materials Presented

For reference:

Agenda Item 4-A Briefing Note for the Participants in the Roundtables

[ISQM 1 and related materials](#) issued by the IAASB, including the First-Time Implementation Guide

For discussion:

Agenda Item 4-B Presentation

Action Requested

15. IESBA members are asked to:

- (a) Note the update on the upcoming in-person and virtual global roundtables to gather stakeholder feedback and other outreach initiatives;
- (b) Share views on the proposed approach:
 - i. For the development of NAMs, stakeholder engagement activities and communications plan;
 - ii. To coordination with the IAASB and the Project Team's high-level preliminary view on differences between the FCG framework and ISQM 1.

Next IESBA Meeting

16. At its June 2025 meeting, IESBA members will be asked to consider, among other matters, feedback from the global roundtable participants and the Project Team's responses.