



IESBA DRAFT STRATEGY AND WORK PLAN FOR 2024-2027; "TOWARDS A SUSTAINABLE FUTURE, ADVANCING THE CENTRALITY OF ETHICS"

Issued 5 July 2023

ICAEW very much welcomes the publication of IESBA's draft strategy and Work Plan for 2024-2027 and is grateful for the opportunity to provide its views. This response should be considered in connection with ICAEW's response to IESBA's previous consultation and draft strategy survey in June 2022.

For questions on this response, please contact the ICAEW Ethics team at representations@icaew.com, quoting ICAEW REP 66/23.

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ANSWERS TO SPECIFIC QUESTIONS

Strategic Drivers, Themes and Actions

1. Do you agree with the IESBA's Proposed Strategic Drivers (see pp.9-13)?

1. ICAEW agrees with the operational and environmental drivers identified by IESBA, including the public and market demand for sustainability information and the evolving role of the CFO.

2. Do you agree with the IESBA's Proposed Strategic Themes and Proposed Strategic Actions (see pp.13-18)?

2. ICAEW agrees with IESBA's proposed strategic themes and strategic actions, in particular as they relate to sustainability and the need to undertake post-implementation reviews. ICAEW agrees that global operability and acceptance of the IESBA's standards is important, and that wide stakeholder engagement is important to underscore such acceptance.

Proposed Work Plan for 2024 – 2027

3. Do you support the IESBA considering the topics set out in Table B as potential work streams (see pp.22-24)? If so, please also share your views on any specific issues or questions you believe the IESBA should consider under these topics. If not, please explain your reasons.

Role of CFOs

3. Of the 6 items listed in Table B, ICAEW's view is that the expanding role of CFOs and other PAIBs could usefully be considered as a potential area to be explored. This could include a greater emphasis on promoting an ethical culture in organisations. ICAEW considers that this is an area where more guidance would be beneficial, particularly in relation to the need for a balanced 'ecosystem' around corporate reporting; with directors and auditors both bearing accountability for quality reporting.

Other items in Table B

4. ICAEW considers that recent technological developments have increased the potential risks to the profession in relation to the use and safeguarding of data. Standardising good practice in relation to data governance would help manage this risk.
5. ICAEW supports moving away from the term "client" in the context of the audit firm-audit client relationship and the need to ensure that guidance on business relationships fully recognises the reality of the SME environment.
6. However, in the context of competing priorities and limited resources to sustain multiple projects that might lead to further updates of the Code, ICAEW considers that sustainability reporting and assurance should be given the highest priority and that IESBA should focus on these, and -where resources allow- on the role of CFOs and PAIBs, rather than most of the topics listed in Table B.

4. Do you believe the IESBA should accelerate or defer any particular ongoing, potential or pre-committed work stream(s) set out in Tables A, B and C? Please explain your reasons.

7. ICAEW notes that IESBA has set itself an ambitious work plan (according to Table-A, the IESBA plans to issue 3 exposure drafts in the first quarter of 2024). It will be important to ensure that the focus on sustainability is not overly diluted. See the comments below.

5. Are there other topics the IESBA should consider as potential new work streams? If so, please indicate whether these topics are more important than the topics identified in Table B (see pp.22-24), and the needs and interests that would be served by undertaking work on such topic(s).

8. ICAEW notes the important work undertaken by IESBA on a range of projects in recent years which have resulted in updates to the Code. ICAEW considers that there is benefit in IESBA undertaking a period of consolidation and reflection, to assess the implementation of these recent changes.
9. ICAEW considers that the advantage of a principles-based Code lies in its flexibility and the ability to respond to emerging issues and new developments adequately. There may be merit in IESBA considering the use of non-authoritative material to guide the profession on how to apply the Code when facing ethical dilemmas brought by changing circumstances, including new technologies.

Additional Information

6. The IESBA's proposed Strategy and Work Plan emphasizes the importance of close coordination with its sister Board, the IAASB. Do you have views or suggestions as to how coordination between the IESBA and IAASB could be enhanced to better serve the public interest?

10. ICAEW would urge the IESBA and IAASB to align their use of terminology and project timelines to the maximum extent possible, This is important to ensure consistency in the application and implementation of standards, particularly as regards those related to sustainability.

7. Do you have comments on any other matters addressed in this Consultation Paper or any significant matters not covered that you believe the IESBA should consider in finalizing the SWP 2024-2027?

11. ICAEW notes the IESBA's direction of travel in relation to the development of "profession agnostic standards", particularly in relation to the field of sustainability. However, the practical challenge is likely to be the degree to which non-IFAC bodies would adopt (and adhere) to such standards.
12. The issue of how to deal with non-compliance or purported compliance by such bodies would need careful consideration. Unlike IFAC accountancy bodies, "sustainability assurance organisations" might not have a clear disciplinary structure to disincentivise breaches of the Code. Implementation of such structures might require national legislation or regulation.
13. Considerable care would also need to be taken to ensure that claims to a wider use of the Code by such organisations does not lead to the apparent "certification" of non-professional bodies or organisations or, through that, a diminishing in the public perception of the Code or its enforcement.