

7 July 2023

Email: KenSiong@ethicsboard.org

Dear Mr. Ken Siong

RE: SAICA SUBMISSION ON CONSULTATION PAPER, THE PROPOSED IESBA STRATEGY AND WORK PLAN, 2024 - 2027

The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to make submissions to IESBA on the *Consultation Paper, The Proposed IESBA Strategy and Work Plan, 2024 - 2027*.

SAICA is South Africa's pre-eminent accountancy body which is widely recognised as one of the world's leading accounting institutes. The Institute provides a wide range of support services to more than 52 000 members who are chartered accountants [CAs(SA)] and associates [AGAs(SA)] who hold positions as chief executive officers, managing directors, board members, business owners, Chief Financial Officers, auditors, tax practitioners and leaders in their spheres of business operation.

SAICA adopted the IESBA's International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) in November 2018 as the SAICA Code of Professional Conduct (the SAICA Code), with certain additional national requirements.

SAICA has consulted its membership in response to the Consultation Paper. Members who provided input into the process included academics, professional accountants in public practice and professional accountants in business who have vast knowledge and experience in the Ethics space.

Following our consultations with our members, material concerns, reservations and proposals have been raised in relation to the Consultation Paper for the attention of IESBA. These are included in the **annexure A** to this letter:

We would appreciate the opportunity to engage further and to discuss the raised issues if required. Please do not hesitate to contact Viola Sigauke at violas@saica.co.za.

Regards



Mpho Mookapele
Chairperson: Ethics Committee



Natasha Soopal
Executive: Ethics Standards and Public Sector



ANNEXURE A – SAICA RESPONSE TO REQUEST FOR SPECIFIC COMMENTS

Strategic Drivers, Themes and Actions

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

SAICA agrees with the IESBA's Proposed Strategic Drivers.

The IESBA's Proposed Strategic Drivers address various important aspects of the accounting profession and its changing environment. The strategic drivers are in line with the changing needs of the profession and reflect the current trends and challenges faced by the accounting profession. Their inclusion suggests that the IESBA is actively considering these factors to ensure the relevance and effectiveness of its standards in a rapidly changing environment.

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

SAICA agrees with some of the IESBA's Proposed Strategic Themes and Proposed Strategic Actions.

However, we are concerned with the concentration on a profession agnostic Code proposed under the theme "Enhancing Trust in Sustainability Reporting and Assurance". Our ethics sets the profession apart from the rest of world and it is our "collective conscience." By creating a profession agnostic code, it may take away from this collective conscience. We are also concerned that many parts of our Code will not be applicable to other professions, such as NOCLAR. We recommend that a similar Code is applicable to other professionals responsible for sustainability to avoid a situation that accountants choose to either leave the profession or join other professions. A responsible code is an asset to the profession, but this should not be perceived as at some point restricting or disincentivising the profession.

In addition, we battle to distinguish between theme 3 and 4, specifically because Global Operability and Adoption are complementary drivers / very closely aligned.

We propose these more distinct alternatives:

- Quality and Relevance of Code Amendments
- Global Operability, Adoption, and Implementation



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.

SAICA agrees with most of the work streams in Table B. However, there are two that we do not agree with as follows:

- a) Business relationships - we do not view this as a current priority. Furthermore, the topic is too broad to encapsulate into the Code.
- b) Custody of data - this is too narrow, and the focus should include protection of data and cyber security. We propose to expand this work stream to exploring all ethical challenges that may be created by the fast-changing landscape of disruptive technologies, with a focus on Artificial Intelligence which is leading the charge.

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.

SAICA believes that the project on Collective Investment Vehicles, Pension Funds & Investment Company Complexes in Table A could be deferred. It has a very narrow scope and does not have an impact on several professional accountants to warrant it being a priority right now. For the reasons provided in question 3, we believe that Business Relationships in Table B also be deferred.

We believe that there should be a greater focus on technology and the ethics of the use of this technology, as indicated in question 3. Post implementation review of NOCLAR should be accelerated and additional guidance and practical cases of NOCLAR re-examined and /or developed. We have noticed that many professional accountants do not understand NOCLAR and still believe it is for auditors only.

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).

IESBA's proposed strategy for 2024-2027 cover important areas, however there are a few examples of potential topics for the IESBA to consider:



5.1 Ethical considerations in emerging technologies: Technology is changing at a fast pace that more is needed in the Code, despite the recent changes made. With the rapid advancement of technologies such as artificial intelligence, blockchain, and cloud computing, it would be valuable for the IESBA to address the ethical challenges and implications associated with these technologies. This includes issues like data privacy, cybersecurity, algorithmic bias, and the ethical use of emerging technologies in accounting and auditing processes. Non-authoritative guidance is insufficient.

5.2 Ethical considerations in big data analytics and management: As the use of data analytics and management becomes more prevalent in the accounting profession, the IESBA could delve into the ethical implications of data collection, analysis, and interpretation. This could involve addressing issues like data quality, privacy, data protection regulations, and the responsible use of data in decision-making.

5.3 Ethics of joint audit arrangements: Joint audit arrangements have become increasingly common in today's complex business environment. These arrangements often involve coordination and cooperation among audit firms, which can give rise to unique ethical challenges. The IESBA's work on ethics in joint audit arrangements would help identify and address these emerging challenges, ensuring that the ethical standards remain relevant and effective.

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?

Enhancing coordination between the IESBA and the IAASB is crucial for better serving the public interest and ensuring consistency across ethical and auditing standards.

Here are some views and suggestions on how this coordination could be enhanced:

6.1 Regular Communication Channels: Establishing regular communication channels between the IESBA and IAASB can facilitate timely exchange of information, updates, and feedback. This could include periodic meetings, joint working groups, and sharing relevant documentation to ensure alignment and collaboration if not already taking place.

6.2 Joint Projects and Task Forces: The IESBA and IAASB could consider initiating joint projects or task forces to address topics that have overlapping ethical and auditing considerations. By working together from the outset, both boards can ensure that the ethical standards and auditing standards are aligned, mutually supportive, and promote a comprehensive approach to professional ethics and auditing practices.

6.3 Sharing Research and Insights: The IESBA and IAASB can collaborate on research initiatives and share insights and findings that are relevant to both ethics and auditing.



This collaboration can help in identifying emerging issues, understanding their interplay, and developing comprehensive and forward-looking standards that address the evolving needs of the profession and the public interest.

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?

Below are significant matters not covered that SAICA believe the IESBA should consider in finalising the SWP 2024-2027:

7.1. Global economic risks:

7.1.1. Impact of international conflicts and the ethical implications it may have on economic relationships affected by the conflicts e.g., Russia-Ukraine war; US-China trade war.

7.1.2. Impacts of high inflation

7.1.2. Public Sector and whistleblowing

7.1.3. Impact of global climate changes.

These scenarios increase pressures on PAIBs and PAPPs and pose even greater challenges to ethical conduct.