

**Basis for Conclusions**  
**Prepared by the Staff of the IESBA®**  
*April 2024*

*International Ethics Standards Board  
for Accountants®*

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# IESBA Strategy and Work Plan, 2024 – 2027



International  
Ethics Standards  
Board for Accountants®

## About the IESBA

The [International Ethics Standards Board for Accountants®](#) (IESBA®) is an independent global standard-setting board. The IESBA's mission is to serve the public interest by setting high-quality, international ethics (including independence) standards as a cornerstone to ethical behavior in business and organizations, and to public trust in financial and non-financial information that is fundamental to the proper functioning and sustainability of organizations, financial markets and economies worldwide.

Along with the [International Auditing and Assurance Standards Board](#) (IAASB), the IESBA is part of the [International Foundation for Ethics and Audit](#) (IFEA). The [Public Interest Oversight Board](#) (PIOB) oversees IESBA and IAASB activities and the public interest responsiveness of the standards.

The structures and processes that support the operations of the IESBA are facilitated by the International Foundation for Ethics and Audit™ (IFEATM).

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**BASIS FOR CONCLUSIONS:  
IESBA STRATEGY AND WORK PLAN, 2024 – 2027**

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## I. INTRODUCTION

1. This Basis for Conclusions has been prepared by staff of the International Ethics Standards Board for Accountants (IESBA). It explains how the IESBA has addressed the significant matters raised on the IESBA Strategy and Work Plan, 2024-2027 (SWP) consultation paper (CP) and in the IESBA’s deliberations in finalizing the SWP. It relates to, but does not form part of, the SWP, which was approved by the IESBA in December 2023 with the affirmative votes of 18 out of 18 IESBA members.

### A. Background

2. The IESBA commenced the development of the SWP with a formal [strategy survey](#) in April 2022 that sought stakeholders’ views about issues that they believed the IESBA should address in its next strategy and work plan. The results of this survey formed the preliminary basis for the IESBA’s considerations in developing the CP, [Proposed IESBA Strategy and Work Plan 2024-2027, Towards a More Sustainable Future: Advancing the Centrality of Ethics](#), which was issued in April 2023.



3. The comment period for the CP closed on July 7, 2023, with 44 comment letters received from various respondents, including Monitoring Group members, regulators and audit oversight bodies, national standard setters, professional accountancy organizations, firms, and other professional organizations, amongst others. IESBA representatives also conducted various engagements with different stakeholder groups, including those charged with governance (TCWG) and investor groups, through meetings and forums, emphasizing not only the importance of ethics as critical to public trust in business, organizations and financial markets but also seeking their views on the CP proposals.
4. In developing and finalizing the SWP, the IESBA also considered the input and advice from its Consultative Advisory Group (CAG).

### B. Summary of Key Revisions

5. The following table is a summary of the key revisions to the CP.

SWP	Key Revisions to the CP
<b>Strategy</b>	
New areas of strategic focus	<ul style="list-style-type: none"> <li>• Strategic drivers, themes and actions were revised to include two key areas of strategic focus:               <ul style="list-style-type: none"> <li>○ Firm culture and governance</li> <li>○ Extending the impact of the Code beyond professional accountants (PAs)</li> </ul> </li> </ul>

SWP	Key Revisions to the CP
<b>Work Plan</b>	
Ongoing work streams	<ul style="list-style-type: none"> <li>• Given the need to allocate resources to high priority commitments, the Post-Implementation Review (PIR) of the provisions dealing with responding to Non-compliance with Laws and Regulations (NOCLAR) has been deferred to later in the new strategy period.</li> </ul>
New work streams	<ul style="list-style-type: none"> <li>• Three new work streams have been added to address the two new areas of strategic focus:               <ul style="list-style-type: none"> <li>○ Firm culture and governance</li> <li>○ Exploring Extending the Impact of the Code to All Preparers of Sustainability Information</li> <li>○ Development of Profession-Agnostic Independence Standards for Sustainability Assurance Engagements not Within the Scope of the International Independence Standards (IIS) in Part 5</li> </ul> </li> <li>• A fourth new work stream was also added to the SWP:               <ul style="list-style-type: none"> <li>○ PIR of the Engagement Team – Group Audits (ET-GA) provisions.</li> </ul> </li> </ul>
Prioritization	<ul style="list-style-type: none"> <li>• Three topics in the CP deemed to be of lower priority were moved from the list of new work streams to “Other Topics of Interest”:               <ul style="list-style-type: none"> <li>○ Definitions and Descriptions of Terms</li> <li>○ Custody of Data</li> <li>○ Communication with Those Charged with Governance</li> </ul> </li> </ul>

## II. STRATEGIC VISION

6. The IESBA’s proposed strategic vision in the CP recognized the high level of public expectations regarding ethical behavior by PAs in light of the broad spectrum of professional activities they perform across all sectors, and the confidence society places in the accountancy profession.
7. The proposed vision also reflected the IESBA’s ambition to make its standards available for use by others outside the accountancy profession who perform the same types of professional activities or services as PAs, such as sustainability reporting and assurance. The IESBA believes that it is in the public interest that professionals and service providers who perform the same types of work adhere to the same high bar of ethical behavior, regardless of whether they are from the accountancy profession.

*IESBA Decision*

8. The IESBA acknowledged the general support from respondents for its proposed vision to achieve global recognition and acceptance of its ethics (including independence) standards as a cornerstone to ethical behavior in business and organizations, and to public trust in financial and non-financial information that is fundamental to the proper functioning and sustainability of organizations, financial markets and economies worldwide. Accordingly, the IESBA finalized the statement of its vision as presented in the CP.
9. In response to a comment raised, the IESBA noted that whilst the vision does not expressly refer to the accountancy profession, the SWP will continue to place a strong focus on the development of robust ethics standards for the accountancy profession.

**III. STRATEGIC AREAS OF FOCUS: DRIVERS AND THEMES****A. Sustainability and Other Ethics and Independence Topics**

10. Most respondents strongly supported the proposed strategic drivers and themes set out in the CP that guide the IESBA's strategic priorities and actions.
11. Many expressed support for the IESBA's strong focus on sustainability reporting and assurance, agreeing that the [Sustainability Project](#) should be a top priority.
12. The IESBA also received support for continuing its focus on other topics such as the role of chief financial officers (CFOs), the ethical implications of high-profile corporate failures and the pervasive impact of technology. Amongst other matters, the following comments and suggestions were raised by respondents:
  - Recent high-profile ethical breaches at firms reinforce the importance of the IESBA's work. Therefore, it would be important that the development of ethics, including independence, standards for sustainability do not come at the expense of ensuring that other projects on ethics and independence standards for PAs continue to progress.
  - The IESBA should focus on areas of strategic importance that have the most impact to set appropriate ethics, including independence, standards for PAs and promote ethics standards for non-PAs.
  - In light of recent corporate failures and ethical lapses in audit firms, the IESBA should intensify its efforts to enhance the quality and clarity of the Code. It was argued that doing so can have the added effect of making the Code more appealing to potential adopters and increasing the Code's acceptance worldwide.
  - The IESBA should slow the pace of changes to the Code and use a period of stability to pursue opportunities to enhance global recognition of the Code as the international ethics benchmark for sustainability reporting and assurance.
  - There was a suggestion for the IESBA to expand its benchmarking initiative to cover other jurisdictions to help identify potential gaps in the Code.
  - Given that the impact of technology developments on PAs is likely to become increasingly significant, the IESBA was encouraged to have a clear strategy for monitoring and addressing emerging ethical issues related to disruptive technologies.

- Attracting and retaining talent and young professionals, as well as factors such as generational differences, could impact ethical considerations. As such, the IESBA was encouraged to take appropriate steps to help promote its ethical principles as positive distinguishing attributes that will support the attractiveness of the accountancy profession.
- The IESBA was encouraged to allow for flexibility in its work plan so that resources can be reallocated to address unexpected changes.

#### *IESBA Responses*

13. The IESBA acknowledged respondents' support for its proposed strategic drivers and themes.
14. In response to the various comments and suggestions from respondents, the IESBA noted the following:
  - The IESBA only launches standard-setting projects after having established a sufficient evidential basis for them, including through gathering stakeholder input through global roundtables and other outreach, research and other fact-finding, and a thoughtful identification of the issues or matters to be addressed. This basis is set out in the project proposal that the IESBA approves before commencing a project.
  - The IESBA and International Auditing and Assurance Standards Board (IAASB) are in the process of revising their shared due process to incorporate consideration of the public interest framework<sup>1</sup> so that they can better assess the responsiveness of their standards to the public interest.
  - Undertaking benchmarking is a resource- and time-intensive endeavor and the IESBA has limited capacity to carry it out on a routine basis. At its [March 2022](#) IESBA meeting, the IESBA committed to continuing to promote the outcomes of the [Benchmarking International Independence Standards Phase 1 Report: Comparison of IESBA and US SEC/PCAOB Frameworks](#), and consider users' feedback before deciding to take on future Benchmarking phases. The IESBA will also encourage jurisdictions to lead initiatives to benchmark their rules or standards against the Code's provisions.
  - As highlighted in the CP, the IESBA will maintain an ongoing monitoring function on technology developments through its Technology Working Group, and consider how to best address public interest issues identified.
  - The IESBA acknowledged the challenges the accountancy profession faces in attracting and retaining talent as well as how young professionals might view ethical issues differently from prior generations. The IESBA is of the view that an ethical firm culture is vital to attracting and retaining talent. The IESBA has specifically highlighted this connection in the SWP (see also discussion below on the strategic focus on firm culture and governance).
  - As highlighted in the CP, the IESBA will remain flexible and agile throughout the new strategy period and will respond appropriately to emerging issues or developments.

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<sup>1</sup> See the Monitoring Group report, [Strengthening the International Audit and Ethics Standard-Setting System](#) (pages 22–23 of the Public Interest Framework's section on "What qualitative characteristics should the standards exhibit?").



## **B. New Strategic Areas of Focus**

15. In deliberating the comments received from respondents on its strategic drivers and themes, the IESBA has identified two new strategic areas of focus for the SWP, namely:

- (a) Firm Culture and Governance; and
- (b) Extending the impact of the Code through expanding its scope and applicability to cover professionals and service providers other than PAs.

### *Firm Culture and Governance*

16. A few respondents highlighted that recent high-profile cases of unethical behavior in accounting firms and their adverse impact on the reputation of the accountancy profession have raised questions about firm culture, governance and the tone at the top. As such, the IESBA was asked to consider a strategic response to these developments from the perspective of firm culture and governance.

### IESBA Decisions

17. The IESBA agreed that recent high-profile cases of unethical behavior in firms in a number of major jurisdictions have cast a negative light on the accountancy profession and undermined public trust in it. The persistence of those breaches of ethics standards and their significant adverse consequences, as well as the fact that they were not limited to just one firm or one jurisdiction, have justifiably raised questions about whether firms have the right culture, governance and tone at the top to drive ethical behavior consistently across all their professional activities.

18. The IESBA determined that this is a critical issue with significant impact on public trust in the profession, so the IESBA resolved to address this matter given its role as the global ethics standard setter for the profession. The IESBA also recognized the need to take action promptly given the heightened level of scrutiny and interest from legislators, regulators and other stakeholders. Therefore, the IESBA agreed that the SWP should specifically include this topic as a strategic priority, with a new work stream added to the work plan.

19. In reaching this decision, the IESBA also agreed to:

- Give careful consideration to the scope of the work stream given that the topic covers a broad range of issues such as leadership responsibilities and internal controls, and that it would be important to aim for outcomes that are relevant and practical.
- Keep the focus of the work stream on accounting firms. Subject to the outputs from the work stream, the IESBA might consider addressing the culture and governance of organizations more broadly in the future.
- Maintain an open mind as to whether to develop revisions to the Code or issue non-authoritative guidance material (NAM).
- Proactively promote the Code and the importance of ethics within firms, building on its June 2023 [statement](#) that reminded PAs of their ethical obligations under the Code. The IESBA will also consider commissioning NAM on the topic in the short term.

*Extending the Impact of the Code to Professionals and Service Providers Other than Professional Accountants*

20. Some respondents were of the view that all preparers, both PAs and non-PAs, should adhere to a high standard of ethical behavior given the importance of their role as the first line of defense in protecting the integrity of both financial and non-financial information. The IESBA also heard from stakeholders that the same high ethics standards that apply to PAs should also apply to other preparers of financial and non-financial information as well as other assurance practitioners who are not PAs.

IESBA Decisions

21. The IESBA agreed to explore extending the impact of the Code through expanding its scope and applicability to individuals who perform the same professional activities as PAs but who are not PAs as another key strategic priority under the SWP. In this regard, the IESBA noted from its recent outreach activities that the general lack of awareness of the importance of ethics was a cause for concern as many corporate failures and cases of misconduct were arguably caused by a lack of ethical behavior.
22. Given the expansive nature of the topic, the IESBA agreed to take a phased approach, recognizing that it has already taken the first step by developing profession-agnostic ethics (including independence) standards for sustainability assurance engagements under its current Sustainability project. Accordingly, the IESBA agreed that following the completion of its Sustainability project, and building on the learnings from that project, it will:
- (a) Explore expanding the scope and applicability of the Code to all preparers of sustainability information; and
  - (b) Develop profession-agnostic independence standards for sustainability assurance engagements that are outside the scope of the IIS in the proposed *International Ethics Standards for Sustainability Assurance (Including International Independence Standards)* (IESSA) (the new Part 5 of the Code).
23. The IESBA believes that such a phased approach will allow these new work streams to be used as a 'sandbox' to further explore how best to approach the broader issue of expanding the scope of the Code to other professionals and service providers beyond PAs.

**C. Global Acceptance, Adoption and Coordination**

24. Respondents were generally supportive of the proposed strategic drivers and themes relating to the global acceptance and adoption of the Code.
25. Respondents stressed the importance of PIRs as providing valuable insights into the areas where clarity is required in terms of practical application. There was recognition of the importance of NAM, including the use of illustrative examples, in facilitating adoption and implementation.
26. Some respondents highlighted that the significant volume of changes to ethics, accounting and auditing standards affects not only the timeframe in which local bodies can adopt these standards but also PAs' ability to implement the standards. It was noted that whilst timely standard-setting and enforcement are critical to the effective implementation of the standards, there is a need to provide stability in the Code for implementation, compliance, and enforcement.

27. There were suggestions for the IESBA to understand whether there are jurisdictional concerns regarding the pace of change and whether recent revisions, such as the Non-Assurance Services (NAS) and Fees provisions, are creating challenges in some jurisdictions. The IESBA was also encouraged to dedicate more effort towards understanding why some jurisdictions have not fully adopted the Code so that it can take steps to encourage greater adoption of the Code.
28. There was a comment that the timely and accurate translation of the Code from English to another language is very important in facilitating consistent understanding, adoption, and implementation of the Code, with possible unintended consequences of using words that may be difficult to translate into other languages. The IESBA was encouraged to consider the rigor of the process employed by the various translating bodies, particularly with respect to providing representatives of independent oversight bodies, regulators, and other public interest organizations with an opportunity to review the proposed translation before it is finalized.
29. Respondents also encouraged the IESBA to engage with a broad range of stakeholders, including sustainability assurance providers, regulatory and oversight bodies as well as other key jurisdictional bodies to promote the purpose and benefits of the Code, and to encourage acceptance and adoption of the IESBA's proposed sustainability-related standards by non-PA practitioners.
30. Further, respondents encouraged the IESBA to collaborate with the IAASB to address topics of mutual interest. Respondents provided feedback on how to enhance such collaboration, such as through:
  - Aligning timetables for standard-setting projects and effective dates for final standards where possible, taking into account PAs' capacity to adopt and implement the changes when effective dates are set too close.
  - Coordinating topics of mutual interest as a standard operational procedure and expectation rather than a potential work stream.
  - Including questions that are relevant to both standard setting boards (SSBs) to obtain views without issuing additional consultation papers.
  - Having joint or shared outreach events.

#### *IESBA Decisions*

31. As noted in the CP, developing, or facilitating the development of NAM, to support the adoption and effective implementation of the Code is already an action item under the theme "Widening the Influence of the IESBA's Standards Through a Continued Focus on Adoption and Implementation." The IESBA remains committed to commissioning the development of NAM to support the adoption and implementation of new and revised standards in a timely fashion.
32. The IESBA agreed that as part of promoting the adoption and implementation of the Code, it is beneficial to understand why jurisdictions have not adopted or are delayed in adopting a later version of the Code or recently issued standards. In this regard, the IESBA will continue to work closely with the International Federation of Accountants (IFAC) to gather the latest data regarding the global adoption of the Code, and to understand where jurisdictions are on their adoption journey and what challenges or impediments to full adoption they might face.
33. The IESBA will continue to seek feedback from respondents regarding any translation issues they might anticipate when developing and submitting comments on an IESBA exposure draft. In addition,

project task forces will continue to adhere closely to the Structure drafting conventions<sup>2</sup> for clarity and understandability.

34. On coordination with the IAASB, the IESBA welcomed the acknowledgment from respondents on the importance of such coordination in addressing topics of mutual interest. In addition:
- The IESBA noted that since 2018, coordination between the two SSBs has been operating under an established framework that sets out the general principles, criteria for coordination and other key considerations. Since then, the two SSBs have continued to identify new means to ensure matters of mutual interest are addressed more efficiently such as the inclusion of relevant questions in the other Board's exposure drafts and outreach events.
  - As highlighted in the CP, the two Boards will place greater focus on identifying matters of mutual interest at the initial information-gathering stage in their work streams and will coordinate more closely at the operational level.
  - In recognizing the importance of coordination, the two SSBs held a joint plenary session in [September 2023](#) to consider an update on the development of their SWPs and to share views on opportunities to optimize coordination during the new strategy period.

#### **IV. WORK PLAN 2024 – 2027**

##### **A. General Overview**

35. In establishing the work plan, the IESBA agreed to undertake new work streams that will allow it to (a) achieve its vision, taking into account the key strategic priority areas, strategic drivers and themes, (b) continue with its ongoing projects and work streams, and (c) deliver on its pre-committed work streams and other activities.
36. As highlighted in the CP, the IESBA recognized that during the strategy period, it must remain flexible and agile in order to respond to emerging issues that require timely standard-setting and other actions.

##### **B. Projects and Work Streams Commenced before 2024**

37. Respondents were generally supportive of the IESBA's projects and work streams that commenced or were due to commence before 2024:
- Sustainability
  - Using the Work of an External Expert
  - Collective Investment Vehicles (CIVs), Pension Funds and Investment Company Complexes
  - NOCLAR PIR

##### *IESBA Decisions*

38. The IESBA acknowledged the support received for its ongoing projects and work streams. As of April 2024, the IESBA has:

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<sup>2</sup> [Drafting Guidelines for the Restructured IESBA Code \(December 2017\)](#)

- Released the exposure drafts for its [Sustainability](#) and [Using the Work of an External Expert](#) projects. The IESBA is working towards finalizing the new and revised standards by December 2024; and
  - Agreed to commence the [CIVs, Pension Funds and Investment Company Complexes](#) work stream and approved the Working Group's [Terms of Reference](#) at its [December 2023 meeting](#).
39. Given the need to allocate resources to the highest priority work streams, IESBA agreed to postpone its NOCLAR PIR to later in the new strategy period.

### **C. New Work Streams**

40. In prioritizing the new work streams to be included in the SWP, the IESBA considered the feedback from respondents to the Strategy Survey 2022 and the CP as well as the importance of each topic based on a number of key considerations, including:
- The public interest benefits of addressing the topic.
  - The relevance of the topic at a global level.
  - The degree of urgency in responding to the identified issues.
  - The feasibility of undertaking the work within anticipated timelines and resources.
41. Following deliberations, the IESBA determined to undertake the following new work streams proposed in the CP in the new strategy period:
- Role of the CFO and Other Senior PAIBs
  - Audit Firm – Audit Client Relationship
  - Business Relationships
42. In addition, three new work streams have been added to address the two new key strategic areas of focus:
- Firm Culture and Governance
  - Exploring Extending the Impact of the Code to All Preparers of Sustainability Information
  - Development of Profession-Agnostic Independence Standards for Sustainability Assurance Engagements not Within the Scope of Part 5.
43. Lastly, with the final pronouncement, [Revisions to the Code Relating to the Definition of Engagement Team and Group Audits](#) (ET-GA) becoming effective in December 2023, the IESBA also determined to add the PIR for the ET-GA provisions to the work plan in the new strategy period.

#### *Firm Culture and Governance*

44. As mentioned in Section III.B above, a few respondents raised addressing accounting firm culture as a potential work stream for the IESBA's consideration. The topic was not explicitly identified in the CP. Recent events in a number of major jurisdictions involving PAs acting unethically have raised concerns with many stakeholders and the public about whether the accountants acted with integrity or in the public interest. A number of these events have resulted in government inquiries, significant regulatory penalties or other adverse consequences for the PAs or their firms and undermined public trust in the accountancy profession.

45. It was suggested that such a work stream could focus on the validity and effectiveness of the Code on matters relating to firm leadership and culture and determine whether ethical failures need to be addressed by strengthening the Code or whether there is a need for increased awareness, education, training, or monitoring of PAs.

#### IESBA's Decision

46. As mentioned above in Section III.B, the IESBA determined that the SWP should specifically address the topic of firm culture and governance as a new strategic area of focus and that a new work stream be commenced in Q1 2024 to address this topic as a high priority.<sup>3</sup> The work stream will focus on the range of professional services offered by accounting firms (assurance, advisory, consulting, etc.) and will include considerations relating to networks.
47. The IESBA also discussed the linkage between this work stream and other work streams in the SWP such as Business Relationships and Audit Firm – Audit Client Relationship. In particular, the IESBA considered whether the question regarding the meaning of the concept of “audit client” should be included in this work stream given that whom a firm regards as being its ultimate client in an audit context might influence behaviors, incentives and pressures, and hence the firm’s culture. Upon deliberation, the IESBA determined that the concept of “audit client” is integral to the IIS and that any potential revisions to the term and its definition might have a significant and pervasive impact on the IIS. Therefore, the IESBA determined to address the meaning of the concept of “audit client” in the work stream on Audit Firm – Audit Client Relationship. However, the IESBA agreed that as part of the work stream on Firm Culture and Governance, it will seek stakeholders’ views on the meaning of “audit client” to inform its considerations on this question under the work stream on Audit Firm – Audit Client Relationship.

#### *Exploring Extending the Impact of the Code to All Preparers of Sustainability Information*

48. As mentioned in Section III.B above, in recent outreach discussions on the development of ethics standards for sustainability reporting, stakeholders as well as respondents to the CP have expressed general support for the view that all preparers, whether or not PAs, should be subject to the same high ethics standards. Such a view is particularly relevant in jurisdictions where there is a low proportion of preparers who are PAs in business (PAIBs).
49. Some respondents to the CP also expressed support for the IESBA to consider expanding the scope of the Code to those who are not PAs in relation to the proposed work stream on the Role of CFOs and Other Senior PAIBs.

#### IESBA Decisions

50. As mentioned in Section III.B above, the IESBA agreed to undertake a new work stream to explore developing ethics standards for sustainability reporting, regardless of the preparers’ backgrounds. This work stream will take into account relevant information gathered from targeted outreach as well as from the ongoing Sustainability project and the new work stream on the [Role of the CFO and Other Senior PAIBs](#).
51. This work stream forms part of the IESBA’s phased approach to exploring the opportunity to extend the impact of the Code by expanding its scope and applicability to all individuals who perform the same professional activities as PAs but who are not PAs. The IESBA determined to take this phased

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<sup>3</sup> The IESBA approved the [Terms of Reference](#) for the work stream at its March 2024 meeting.

approach in light of the expansive nature of the topic of extending the impact of the Code and the extensive stakeholder engagement that will be needed to progress this broad topic.

52. Subject to the outcome of this work stream and the other new work stream on developing profession-agnostic independence standards for sustainability assurance engagements not within the scope of the IIS in the new Part 5, the IESBA will further explore whether and, if so, how to extend the Code's impact more broadly, including expanding the scope and applicability of the Code to all preparers of financial and non-financial information.
53. The IESBA assessed this work stream as having a high priority, due to commence after the finalization of the Sustainability project in 2024.

#### *Development of Profession-Agnostic Independence Standards for Sustainability Assurance Engagements Not Within the Scope of Part 5*

54. Extant Part 4B of the Code sets out the IIS for assurance engagements other than audit and review engagements. The proposed IESSA set out in the new Part 5 of the Code, which is currently being developed under the IESBA's Sustainability Project, will only apply to sustainability assurance engagements that meet the scoping criteria of the IIS in Part 5.<sup>4</sup>

#### *IESBA Decision*

55. As part of the key strategic focus area on extending the impact of the Code through expanding its scope and applicability, this work stream will consider how the Code should be enhanced, whether through revision of extant Part 4B or the development of a Part 4B equivalent in the new Part 5, to ensure that all independence standards for sustainability assurance engagements are addressed in the Code in a profession-agnostic manner. Part 4B addresses, for instance, the circumstance where the sustainability information on which the sustainability assurance practitioner expresses an opinion is reported in accordance with a special purpose framework.
56. This work stream has been assessed as having a high priority, due to commence after the finalization of the Sustainability project in 2024.

#### *Role of the CFO and Other Senior PAIBs*

57. Respondents supported a new work stream addressing the expanding role of CFOs and other PAIBs.
58. Respondents encouraged the IESBA to, amongst other things:
  - Emphasize the importance of an ethical culture in companies.
  - Enhance the guidance on familiarity threats that PAIBs may face.
  - Determine the impact of excessive reliance on technology such as artificial intelligence (AI) and digital technology relating to information gathering. In particular, it was noted that generative AI carries the risk of producing inaccurate summaries and information.

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<sup>4</sup> Proposed Part 5 will apply only to a sustainability assurance engagement where the sustainability information on which the sustainability assurance practitioner expresses an opinion:

(a) Is reported in accordance with a general purpose framework; and

(b)

i. Is required to be provided in accordance with law or regulation; or

ii. Is publicly disclosed to support decision-making by investors or other stakeholders.

- Enlarge the scope of the work stream to include the entire corporate ecosystem within a reporting entity, as corporate failures are usually the result of shortcomings throughout the entity, not just from CFOs and other senior PAIBs.
- Engage with policy makers and regulators who have the authority to consider requirements for individuals in the role of CFOs as the Code does not apply to those who are not members of an IFAC member body.

#### IESBA Decisions

59. The IESBA recognized that it is in the public interest that all professionals who have responsibilities in the disclosure of corporate reporting information for their organizations are subject to the same high ethics standards, irrespective of whether or not they are PAs (see also discussion on extending the impact of the Code in Sections III.B and IV.C above).
60. However, this work stream will focus on PAIBs only. This approach aligns with the phased approach taken by IESBA in addressing the strategic focus on extending the impact of the Code with respect to sustainability reporting. The IESBA is of the view that such a measured approach is necessary given the broad nature of the topic, including the focus on roles played by senior PAIBs beyond the CFO role.
61. This work stream has been assessed as having a high priority and is due to commence in 2025.

#### *Audit Firm – Audit Client Relationship*

62. The IESBA received mixed views on this proposed work stream, with some respondents supporting it whilst others indicating that they did not see this as a priority.
63. Amongst other matters, some respondents raised the following:
  - Whether it is still appropriate to use the term “audit client” in the Code. A few suggested other terms such as “audited entity” or “assurance client.”
  - Only changes in substance to enhance independence between the auditor and the client should be considered.
  - Any guidance on business relationships should fully recognize the reality of the small- and medium-sized enterprise environment.

#### IESBA Decisions

64. The IESBA determined to explore in the public interest whether it continues to remain appropriate for the Code to use the term “audit client” in the IIS as opposed to another term such as “audited entity” or “entity subject to audit.” The underlying question is whether an audit engagement should be conducted with a mindset that the entity’s shareholders, rather than management, are the audit client.
65. This work stream would examine more broadly the “audit firm-audit client relationship” and whether the Code in its entirety continues to provide a framework that addresses the potential ethical impact of such client relationship. The IESBA noted that some of the issues identified under this work stream might also have an impact on the topic of Business Relationships.
66. This work stream has been assessed as having a medium priority.



### *Business Relationships*

67. Whilst many respondents supported this work stream, suggesting that it could be assigned a higher priority, some indicated that they do not support this topic as a new work stream.
68. Some respondents observed a growing number of activities between firms and their audit clients that involve different business relationships, noting that issues relating to these relationships arise quite often and can be complicated. Similarly, the Technology Working Group, in its [Phase 2 Report](#), noted the rise in strategic and commercial relationships between accounting firms and technology companies.
69. In supporting this work stream, the International Organization of Securities Commissions (IOSCO) recommended that the IESBA consider providing guidance on how to evaluate materiality in the IIS. IOSCO also suggested that the IESBA consider whether close business relationships with an audit client or its management in Section 520, as well as loans and guarantees to an audit client in Section 511, should be prohibited under the Code irrespective of materiality or significance.
70. There was also a suggestion for the IESBA to undertake this work stream alongside the work stream on Audit Firm – Audit Client Relationship given that the latter is a form of business relationship.
71. In this regard, the IESBA noted the findings from its Benchmarking Working Group’s Phase 1 Report, [Comparison of IESBA and US SEC/PCAOB Independence Frameworks](#) that highlighted differences between the requirements in the Code and the US SEC independence rules with respect to such business and financial relationships.

### *IESBA Decisions*

72. The IESBA determined to include this topic as a work stream in the SWP.
73. Under this work stream, the IESBA will review the different types of relationships that firms, network firms and audit team members might have with audit clients and their management, and consider whether Section 520 sufficiently addresses the threats to independence that might arise from these relationships. The IESBA also agreed that, as part of this work stream, it may also consider whether materiality and significance should be retained as criteria for exceptions to certain business relationships as well as loans and guarantee arrangements under Section 511 of the Code.
74. This work stream has been assessed as having a medium priority.

### *Post-Implementation Review – Engagements Team-Group Audits*

75. In February 2023, the IESBA released the final pronouncement, [Revisions to the Code Relating to the Definition of Engagement Team and Group Audits](#) (ET-GA) which became effective in December 2023.

### *IESBA Decision*

76. Given the importance and technical complexity of the ET-GA provisions, the IESBA agreed to conduct a PIR of the provisions toward the end of the new strategy period, after allowing time for the provisions to bed down. The IESBA assessed the work stream as having a medium priority.

## D. Other Topics of Interest

77. The IESBA considered a number of other topics listed in the CP to be included the SWP:
- Definitions and descriptions of terms.
  - Custody of data.
  - Communication with those charged with governance.
78. Respondents were generally supportive of these topics and provided a number of suggestions on how the IESBA might address the topics.

### *IESBA Decisions*

79. Notwithstanding the support received from respondents for the above three topics, the IESBA determined these topics to be of relatively lower priority, taking into account the relative urgency and strategic significance of other identified priorities. The IESBA plans to consider those three topics towards the end of the strategy period, subject to agenda capacity and resources.
80. In reaching this decision, the IESBA took into account the following, amongst other matters:
- On the topic of “Definitions and Descriptions of Terms,” respondents’ acknowledgment of the importance of alignment between the IESBA’s and IAASB’s terms and definitions and the need for collaboration between the two SSBs.
  - On the topic of “Custody of Data,” the IESBA only completed its [Technology project](#) in December 2022 with various enhancements to the Code, including in relation to confidentiality and data hosting. Its Technology Working Group will continue to monitor technology developments, which may include matters relating to custody of data, and report back to the IESBA as appropriate.
  - On the topic of “Communication with Those Charged with Governance,” the IESBA’s NAS, Fees and Tax Planning and Related Services projects<sup>5</sup> have included new provisions on communication with those charged with governance in the Code.

## E. Pre-committed Work Streams

81. Many respondents were generally supportive of the pre-committed work streams to be included in the next SWP:
- [Long Association](#) Phase 2 PIR
  - [Restructured Code](#) PIR
  - [NAS](#) PIR
  - [Fees](#) PIR
  - [Public Interest Entity](#) (PIE) PIR
82. However, a few respondents raised concerns in light of other demands on the IESBA and the rate and pace of changes to the Code.

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<sup>5</sup> The IESBA approved its Tax Planning final pronouncement at its December 2023 meeting. The pronouncement is due to be released in April 2024, subject to the PIOB’s certification of the pronouncement.

83. There were also suggestions from respondents to accelerate the PIR for:
- The Restructured Code project as it appears that a number of jurisdictions have not yet adopted the restructured Code, or that there have been lags between the effective dates for new provisions and the local adoption dates.
  - The NAS and Fees projects given the impact of the revisions.
  - The Sustainability project to, amongst other matters, identify any need for further enhancements given the rapid developments relating to reporting and assurance of sustainability information.
84. Other comments received from respondents included:
- PIRs and the development of NAM are critical to the timely adoption of new or revised standards across jurisdictions.
  - Sufficient time should be allowed between local effective dates and PIRs.
  - The IESBA should consider including a PIR of the Technology-related revisions in the new strategy period.

*IESBA Decisions*

85. In light of the broad support received, the IESBA agreed to include all pre-committed work streams in the SWP. With regards to the timing of the PIRs, the IESBA will further consider their priorities in Q4 2024 when it conducts a review of the progress of its work streams and updates its work plan as needed.
86. In addition, the IESBA is of the view that sufficient time needs to be allowed before conducting a PIR in order to have sufficient data to properly assess the effectiveness of implementation of the relevant standard. For this reason, the IESBA agreed:
- Not to accelerate the PIR related to the NAS and Fees projects.
  - Not to accelerate the PIR related to the Sustainability project. However, the IESBA will continue to monitor sustainability developments and assess the need to address other sustainability-related matters outside the scope of the Sustainability project.
  - Not to include a PIR for the Technology-related revisions to the Code given that they will only become effective in December 2024.

**V. RESPONDENTS’ OTHER SUGGESTIONS**

87. Respondents made a number of other suggestions for possible actions in the new strategy period for the IESBA’s consideration. The table below sets out the more significant suggestions and the IESBA’s decisions.

Respondents’ Suggestions	IESBA Decisions
To provide a clearer strategy for monitoring and addressing emerging ethical issues related to disruptive technologies. A number of respondents also suggested adding technology as another work stream. Technology topics	The IESBA determined not to include any new technology work stream for the following reasons:

Respondents' Suggestions	IESBA Decisions
included for consideration included AI, machine learning, big data, and cryptocurrencies.	<ul style="list-style-type: none"> <li>The IESBA has already made revisions to the Code under its Technology project that were only finalized in December 2022.</li> <li>The Technology Working Group will continue to monitor the transformative effects of technological advancements and keep the IESBA updated on any new ethical issues that may require its further consideration.</li> </ul>
Strengthening the IIS by considering the effects of mandatory audit firm rotation (MAFR).	The IESBA will consider the topic of MAFR as part of its Long Association Phase 2 PIR.
Coordination with the IAASB in relation to the IAASB's Projects on Fraud (ISA 240 (revised)) and how fraud is addressed in the proposed International Standard on Sustainability Assurance (ISSA) 5000.	The IESBA has been coordinating with the IAASB on its Fraud project and will consider any ethics-related matters that require its deliberation.
To clearly define a PA's response to a breach of the fundamental principles, particularly as it relates to disclosure when the breach occurs and steps available when the PA is unable to end a service.	The topic of Breaches of the Code was included in the Strategy Survey 2022 as a potential topic for the SWP. Upon further consideration at its <a href="#">March 2023 meeting</a> , the IESBA concluded that it should not be included in the new SWP and, therefore, did not include it in the CP as a possible new topic.
To develop NAM to guide PAs on how to apply the Code when facing ethical dilemmas caused by changing circumstances as well as on how to act as a witness when providing litigation support service.	As noted in the CP, the IESBA will continue to commission Staff publications and other implementation resources to address technical matters or explain new or revised standards, as necessary.
To undertake a project to simplify, enhance understandability and decrease the overall length of the Code in order to promote consistent ethical behavior.	The IESBA agreed that project task forces should continue to adhere closely to the Structure drafting conventions for clarity and understandability.

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