

IESBA'S Future Strategy and Work Plan Survey

Response ID:124 Data

2. Section A

1. 1. Please provide the following information:

Name : David Potts

Organization : Association of International Accountants (AIA)

Role : Director of Operations

Email address : david.potts@aia worldwide.com

2. 2. Please specify the stakeholder you/your organization represents:

IFAC member body or other professional accountancy organization

3. 3. Please specify the geographical region where you or your organization is based:

Global

5. Section B

4. 1. What level of importance do you believe the IESBA should place on dedicating strategic focus to responding through standard-setting action to the developments in sustainability reporting and assurance in its next strategy period (2024-2027)? Please be as specific as possible and explain your reasoning.

It is key that the IESBA places a very high level of importance on this area.

In the foreseeable future sustainability reporting and assurance looks likely to assume equal importance to financial reporting and assurance and, as such, demands equivalent attention from international standard setters such as the IESBA and IAASB. Many of the ethical issues and principles are common to both forms of reporting and assurance. We are confident that professional accountants have the necessary assurance skills and ethical compass though may need to get better acquainted with the subject matter and collaborating with other experts.

5. 2. Do you believe the IESBA should explore the concept of expanding the scope of the Code to cover assurance service providers other than PAPPs? What preconditions would need to be in place and what potential challenges or drawbacks do you foresee if the Code's provisions were scoped to the nature of the assurance services provided as opposed to who is providing the assurance services?

We believe the concept should be explored. However, at this time we do not have a view as to whether ultimately assurance service providers other than PAPPs should in fact be scoped in.

In the EU the recently finalized CSRD allows the possibility of other independent assurance providers, in addition to the auditor of the financial statements, to provide assurance on sustainability reports. This gives companies the opportunity to choose from a bigger pool of assurance services providers, both auditors and accredited assurance services providers. It is hoped this will increase competition and services' availability within the market. Significantly, the CSRD expects requirements around such service providers – education, quality management, oversight, and enforcement - to be equivalent to that existing already for auditors.

If assurance service providers other than PAPPs were to be within scope, then we would expect to see equivalent preconditions as envisaged by CSRD. We concur with the IESBA when it said recently in its response to the ISSB on its Exposure Drafts: "IESBA believes that to meet the sustainability information needs of investors, customers, employees or potential employees, government agencies and other stakeholders, the infrastructure that supports sustainability reporting and assurance must be underpinned by the highest standards of ethical behaviour. Fit-for-purpose, globally applicable standards, such as those set out in the IESBA Code and future, sustainability-related standards that the IESBA has already committed to developing, alongside a

robust system of quality management, oversight, and enforcement, are essential for consistent, relevant, and trustworthy sustainability reporting."

6. 3. Are there other matters the IESBA should consider with regards to this strategic focus area?

We have no other matters for the IESBA to consider except to caution that the Board carefully consider the impact of any proposed changes to the Code of Ethics on market structure. It is important we preserve competition and choice as this, we believe, will drive quality of services.

7. Section B: Strategic Direction and Priorities

7. 4. Beyond sustainability reporting which is covered under the first strategic focus area above, do you believe the IESBA should dedicate strategic focus on further raising the bar of ethical behavior for PAIBs in its next strategy period (2024-2027)? Please be as specific as possible and explain your reasoning.

We believe the IESBA should place a medium level of importance on this area.

PAIB play a key role in the financial and sustainability reporting supply chains and facilitate effective governance in organizations and as such impact the quality of assurance of financial and sustainability reporting.

9. Section B: Strategic Direction and Priorities

8. 5. Do you believe the IESBA should continue to dedicate strategic focus on strengthening the IIS for audit engagements in its next strategy period (2024-2027)? If so, what specific developments or issues do you believe the IESBA should focus on beyond the matters outlined above and in Section C? Please be as specific as possible and explain your reasoning.

We believe the IESBA should place a medium level of importance on this area.

We see this area as an 'evergreen' one that the IESBA always needs to pay some attention to even if, as we believe, there is nothing obvious or urgent that needs to be done. We suggest any activity related to this area focus on promoting timely adoption and effective implementation as envisaged under Section 4. below.

Of current projects we are concerned that the project to revise the definition of the engagement team will impact the audit and assurance market to the detriment of SMPs. We urge that IESBA investigates this matter further.

11. Section B: Strategic Direction and Priorities

9. 6. Do you believe the IESBA should devote strategic focus on promoting timely adoption and effective implementation of the Code in its next strategy period (2024-2027)? Please be as specific as possible and explain your reasoning.

We believe the IESBA should place a high level of importance on this area.

Please see our remarks above in response to Question 5.

Given our concerns regarding the project to revise the definition of the engagement team, and depending on the ultimate outcome of this project, we urge the IESBA to conduct a PIR as soon as is practicable to determine whether the changes impact the audit and assurance market.

10. 7. Are there specific operability issues or concerns with respect to the Code you believe the IESBA should be made aware of?

We have no specific operability issues or concerns to bring to the IESBA's attention.

11. 8. Are there key environmental trends or developments, beyond those already noted above, you believe the IESBA should focus on in its next strategy period (2024-2027)? Please be as specific as possible and explain your reasoning.

We expect as sustainability reporting and assurance gains ground that there will be increasing focus on the 'connective tissue',

that is the integration, of this and financial reporting and assurance. Integrated reporting may be this connective tissue. As the two pillars of reporting integrate other unforeseen ethical issues may arise.

We observe, especially in the US and some EU member states, an increasing demand on technology-related assurance services of various types and that many services are being provided by firms outside of the accountancy profession. Hence, the IESBA may wish to consider the merits of an ethical framework relevant to technology-related assurance services.

13. Section C: Possible Future Standards-Related Projects or Initiatives

12. How would you rate Independence of External Experts as a strategic priority on a scale of 1 – 5?

2

If you rate this topic as either 4 or 5 (i.e., high priority), please provide your reasons including any specific areas of focus as well as other relevant information.

14. Section C: Possible Future Standards-Related Projects or Initiatives

13. How would you rate Audit Firm – Audit Client Relationship as a strategic priority on a scale of 1 – 5?

2

If you rate this topic as either 4 or 5 (i.e., high priority), please provide your reasons including any specific areas of focus as well as other relevant information.

15. Section C: Possible Future Standards-Related Projects or Initiatives

14. How would you rate Business Relationships as a strategic priority on a scale of 1 – 5?

2

If you rate this topic as either 4 or 5 (i.e., high priority), please provide your reasons including any specific areas of focus as well as other relevant information.

16. Section C: Possible Future Standards-Related Projects or Initiatives

15. How would you rate Definition of Audit Client for PIEs as a strategic priority on a scale of 1 – 5?

2

If you rate this topic as either 4 or 5 (i.e., high priority), please provide your reasons including any specific areas of focus as well as other relevant information.

17. Section C: Possible Future Standards-Related Projects or Initiatives

16. How would you rate Matters Arising from Quality Management (QM)-Related Conforming Amendments to the Code as a strategic priority on a scale of 1 – 5?

2

If you rate this topic as either 4 or 5 (i.e., high priority), please provide your reasons including any specific areas of focus as well as other relevant information.

18. Section C: Possible Future Standards-Related Projects or Initiatives

17. How would you rate Familiarity Threat in Relation to Part 2 of the Code as a strategic priority on a scale of 1 – 5?

2

If you rate this topic as either 4 or 5 (i.e., high priority), please provide your reasons including any specific areas of focus as well as other relevant information.

19. Section C: Possible Future Standards-Related Projects or Initiatives

18. How would you rate Professional Appointments as a strategic priority on a scale of 1 – 5?

2

If you rate this topic as either 4 or 5 (i.e., high priority), please provide your reasons including any specific areas of focus as well as other relevant information.

20. Section C: Possible Future Standards-Related Projects or Initiatives

19. How would you rate Breaches of the Code as a strategic priority on a scale of 1 – 5?

2

If you rate this topic as either 4 or 5 (i.e., high priority), please provide your reasons including any specific areas of focus as well as other relevant information.

21. Section C: Possible Future Standards-Related Projects or Initiatives

20. How would you rate Definitions and Descriptions of Terms as a strategic priority on a scale of 1 – 5?

4

21. If you rate this topic as either 4 or 5 (i.e., high priority), please provide your reasons including any specific areas of focus as well as other relevant information.

We believe there is a need for consistency of terminology across the suite of IESBA and IAASB standards. This will help eliminate ambiguity and facilitate better translations.

22. Section C: Possible Future Standards-Related Projects or Initiatives

22. How would you rate Non-Authoritative Material (NAM) as a strategic priority on a scale of 1 – 5?

4

23. Section C: Possible Future Standards-Related Projects or Initiatives

23. If you rate this topic as either 4 or 5 (i.e., high priority), please provide your reasons including any specific areas of focus as well as other relevant information.

Given the rapid emergence of sustainability assurance the IESBA ought to consider developing NAM on how Part 4B could be applied by assurance providers currently performing sustainability and other assurance engagements in accordance with the

ISAE 3000. Furthermore, NAM on the applicability of Part 4B in a sustainability assurance engagement will be useful to many stakeholders.

24. Section C

24. 9. Are there specific ethics or independence-related topics not otherwise covered in this Section or this survey that you believe should be given a high priority by the IESBA? If so, please explain and be as specific as possible.

We do not believe there are any other issues that should be given high priority by the IESBA.

25. Thank You!

New Send Email

Jul 05, 2022 11:19:41 Success: Email Sent to: GeoffKwan@ethicsboard.org,dianavasquez@profstds.org