

# IESBA'S Future Strategy and Work Plan Survey

Response ID:122 Data

## 2. Section A

### 1. 1. Please provide the following information:

Name : Sebastian Kuck

Organization : Institut der Wirtschaftsprüfer in Deutschland e.V.

Role : Director, European Affairs

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### 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:

Europe

## 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 unclear to us why new standard setting projects in relation to ethical and independence requirements for assurance engagements in this area are needed because the Code already covers ethical and independence requirements for assurance engagements generally, and these apply. For this reason, we do not believe that new ethical and independence requirements for sustainability should be a high priority.

### 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?

As a matter of principle, we believe that for cases in which sustainability assurance is legally required but not an activity legally restricted to the accountancy profession and the law specifically contemplates other providers of such engagements, then it is crucial that there be a level playing field between the requirements for accountancy profession providing such assurance engagements and for other providers of such engagements. In these circumstances expanding the Code to cover these other providers would be in the public interest. However, we question whether IESBA will be able to persuade these other providers to adhere to the Code.

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

It is critically important that IESBA consider the relative costs and benefits of any standard setting in this area because the public interest would not be served if excessively stringent requirements were to price the profession out of the market, which would be detrimental to the public interest if other providers of such assurance engagements were to be subject to less stringent requirements. The other issue that needs consideration is how ethical and independence requirements apply to assurance engagements that extend beyond the corporate group – that is, if assurance engagement providers need to use the work of other assurance engagement providers on information from outside the corporate group, such as suppliers. Simply requiring the other assurance engagement providers to follow the same requirements as the overall assurance engagement provider may not be feasible in practice.

## 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 agree that the ethical requirements for PAIB should be strengthened, since matters such as management bias, greenwashing etc. are a matter for preparers in the first instance.

## 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.**

IDW thinks that IESBA might want to look at the implementation of the current requirements and check how the requirements work in practice ("post implementation review") – that is, are the requirements relating to independence in appearance actually having an appreciable effect on independence in fact and objectivity – before developing new requirements.

## 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.**

Yes, see above question 5. IESBA might want to focus on promoting the adoption of the Code's requirements, especially in jurisdictions with sustainability reporting and its assurance.

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

IDW proposes that IESBA explore as to whether there is a need for de-minimis-exceptions for some requirements related to independence in appearance and, if so, introduce them.

**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.**

Not to our knowledge.

## 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?**

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?**

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?

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?

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?

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?

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?

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?

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.**

In order to remain applicable and relevant, It is important for the Code to have clear definitions. Furthermore, the terms used in the Code need to be aligned with the IAASB definitions.

**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.**

NAM: It will be helpful to provide practical guidance on how the Code could be applied by assurance providers currently performing sustainability assurance engagements in accordance with the ISAE 3000.

Our rating of 4 does not apply to other two issues mentioned above.

**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.**

Not to our knowledge.

**25. Thank You!**

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