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Mr Ken Siong
Technical Director
International Ethics Standards Board for Accountants
International Federation of Accountants
529 5th Avenue, New York
USA

Dear Mr Siong

Consultation Paper on Proposed Strategy and Work Plan, 2014-2018

Thank you for the opportunity to comment on the Consultation Paper on IESBA's Proposed Strategy and Work Plan, 2014-2018 (CP). CPA Australia is one of the world's largest accounting bodies and represents the diverse interests of more than 150,000 members in public practice, industry, commerce, government, not-for-profit and academia in 121 countries throughout the world. Our vision is for CPA Australia to be the global professional accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

We agree that the framework of the Code of Ethics for Professional Accountants (Code), and the threats and safeguards approach it employs, is appropriate for professional accountants. We encourage the Board to resist pressure to resort to prescriptions that may have detrimental effects on the standing of the accounting profession.

CPA Australia agrees with the proposed strategic themes but has some reservations about some of the activities in relation to evolving the Code for continued relevance. In particular, we are of the opinion that the Code should provide guidance on the application of its framework. We do not think that the Code should develop standards or guidance for engagements related to specific industries or sectors. We are of the opinion that our members make professional judgments that enable them to apply the framework in all contexts without the need for industry/ sector specific prescriptions. We can see the value of using Collective Investment Vehicles (CIVs) and other sectors/industries to evaluate the concepts and framework of the Code but we discourage the Board from developing sector specific guidance. Therefore, we are of the opinion that CIVs may be used to explore the efficacy of the 'related entity' definition and identify any shortcomings that would need to be addressed with additional guidance that would be universally applicable. Further, the CP mentions that the proposal was not supported by a number of respondents in a previous strategy consultation, yet the Board determines that it is in the public interest to pursue it. To fulfil the Board's intent to evolve the Code for continued relevance, it would be appropriate to be responsive to stakeholders, and if stakeholders' views are not adopted to develop and communicate its rationale based on evidence.

CPA Australia is encouraged by the intention to undertake evidence - based standard setting and to engage with the research community. We support the Board's intention to engage with the academic and research communities that can inform the Board on its projects and deliberations. We note that such an approach would have assisted the Board with the 'Responding to a Suspected Illegal Act' project and would have resulted in a better informed standard.

On a related issue, CPA Australia encourages the Board to gain evidence on the use of the publications it produces – other than the Code – and their value and utility. Given the limited resources available to the Board, we think it would be valuable to ascertain actual utility and effectiveness. The CP proposes that additional staff publications will be prepared to facilitate adoption and effective implementation of the Code internationally, among investors and other stakeholders. We think that given the limited evidence on actual adoption of the Code and the Board's intention to ascertain it, the assumption that publications that target specific stakeholders are needed, as well as what these should address, should be evaluated. We urge the Board to use evidence as basis not only for its standards but also for the identification of needs and opportunities. We would also like to encourage the Board to consider how it would identify and satisfy the needs of varied stakeholders and prioritise them, globally.

Specific Questions

- (a) *Do you support the four work streams the Board added to its SWP in 2012, i.e., Long Association, Non-Assurance Services, Review of Part C, and Structure of the Code (See Section II)? If not, please explain why.*

CPA Australia supports the four work streams and particularly the review and development of Part C of the Code. We urge the Board to prioritise this stream and consider it together with the Structure of the Code stream. Given that Part C is relevant to all professional accountants, we are of the opinion that in reviewing the structure of the Code, the division between parts A and C of the Code should be critically evaluated.

- (b) *Are the strategic themes identified for the period 2014-2018 appropriate? If not, please explain why.*

Broadly, CPA Australia considers the themes identified appropriate, subject to our earlier comments, particularly in relation to industry/sector/vehicle specific standards. This approach, as mentioned, appears inconsistent with the Boards' belief on a principles based Code and may evolve in a manner that further distances it from the principles/framework approach it espouses.

- (c) *Are the actions identified with respect to each strategic theme, and their relative prioritizations, appropriate? If not, please explain why.*

We appreciate the need for flexibility but also, as mentioned earlier, encourage the Board to inform its prioritisation through evidence and stakeholder engagement.

- (d) *Are there any actions not included in the proposed SWP that you believe the Board should consider for the 2014-2018 period? If so, please explain why, and indicate which actions identified in proposed SWP should be displaced (i.e., deferred or eliminated).*

As mentioned above, we think that the Code should not address industry and sector specific guidance. It is currently addressing differences in professional accountant function and entity characteristics. We think that is sufficient. We therefore do not support the proposal to develop a work stream on CIVs. If there is evidence that the 'related entity' or other concepts need to be reviewed, we think such revisions should be informed by multiple sectors and industries.

If you have any questions regarding this submission please do not hesitate to contact Dr Eva Tsahuridu, CPA Australia at Eva.Tsahuridu@cpaaustralia.com.au.

Yours sincerely



Alex Malley FCPA
Chief Executive