



SENT VIA E-MAIL: KenSiong@ethicsboard.org

August 3, 2018

International Ethics Standards Board for Accountants
International Federation of Accountants
529 Fifth Avenue, 14th Floor
New York, NY 10017

Re: Consultation Paper, *Proposed Strategy and Work Plan, 2019-2023*

Dear Members of the International Ethics Standards Board for Accountants:

The American Institute of Certified Public Accountants' (AICPA) Professional Ethics Executive Committee (PEEC) is pleased to submit this comment letter to the International Ethics Standards Board for Accountants (IESBA) on its Consultation Paper, *Proposed Strategy and Work Plan, 2019-2023* (the "Proposed Strategy and Work Plan").

The AICPA is the world's largest member association representing the CPA profession, with more than 431,000 members in 137 countries and territories, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting. The AICPA sets ethical standards for its members and U.S. auditing standards for private companies, nonprofit organizations, federal, state and local governments. It develops and grades the Uniform CPA Examination, offers specialized credentials, builds the pipeline of future talent and drives professional competency development to advance the vitality, relevance and quality of the profession.

Throughout its history, the AICPA has been deeply committed to promoting and strengthening independence and ethics standards. Through the PEEC, the AICPA devotes significant resources to independence and ethics activities, including evaluating existing standards, proposing new standards, and interpreting and enforcing those standards.

General Comments

We support the IESBA's objective of setting high-quality ethics standards for professional accountants around the world and facilitating the convergence of international and national ethics standards. Seeking input from member bodies and other interested parties on strategic direction and projects prior to commencing proposed projects can facilitate convergence of ethical standards. For example, providing advance notice to member bodies regarding specific projects the IESBA is considering undertaking enables member bodies to work on similar projects concurrently with the IESBA and provide input to, and receive input from, the IESBA during the standard-setting process. This increases the likelihood that consistent standards will be adopted.

Responses to Request for Specific Comment

1. Do you agree with the proposed criteria for the IESBA to determine its actions and priorities over the strategy period?

We support the criteria suggested to determine standard-setting or other actions to add to the Proposed Strategy and Work Plan and priorities. However, we believe that the “global relevance of the particular matter” should be combined with the criterion in which the “pervasiveness of the matter in terms of the extent to which it impacts the global profession” is taken into consideration. We suggest one criterion that includes considering global relevance of the particular matter first then the pervasiveness of the matter.

We agree that the IESBA should continue to examine “the ethical implications of any regulatory developments” as part of its sub-theme, *Maintaining a Global Code Fit for Purpose in the Evolving Environment* under the strategic theme, *Advancing the Code’s Relevance and Impact*. We ask that the Board be mindful that the rules a regulator may believe are appropriate in their jurisdiction may not be appropriate in a principles-based Code that must remain relevant for all professional accountants around the world. Accordingly, we recommend that the Board not place undue emphasis on the rules (or proposed rules) of regulators but rather consider all its stakeholders as well as the impact any of the Board’s proposed rules may have on professional accountants from small and medium-sized practices and those who provide assurance and other services to non-public interest entities.

2. Do you support the actions that have been identified with respect to each strategic theme? If not, please explain why.

Except for the following, we support the actions identified with respect to each strategic theme set forth in paragraph no. 3 of the Proposed Strategy and Work Plan.

We support the Board’s action on tax planning and related activities and the focus on the ethical implications of PAIBs and PAPPs providing advice to their employers or clients on tax minimization strategies that are perceived as “aggressive”. However, due to the complexity of this topic and the variances in tax regulations for each jurisdiction, we are uncertain how this could be addressed on a global level. Accordingly, we believe that the Board should only use a principles-based approach when addressing this matter versus a rules-based approach.

We do not support the Board’s project to re-evaluate the definition of public interest entity (PIE) at this time. The current definition of PIE provides an appropriate framework for all jurisdictions to develop laws and regulations based on their unique needs. However, we believe greater consideration should be given to the specific circumstances for the performance of services for non-listed entities, particularly small and medium-sized entities, and recognize that, as discussions for such considerations ensue, the Board may need to consider further measures to improve understanding and consistent application of the definition.

We support providing guidance on how to evaluate materiality in the context of considering breaches of the Code. However, we do not believe it would be necessary to expand this effort to other parts of the Code, as we believe that there is sufficient understanding on how to apply materiality in areas other than breaches.

We do not believe that fee-related matters should be a topic that is addressed by the IESBA Code. There is potential that changes in this area of IESBA's rules would conflict with US anti-trust laws under the Federal Trade Commission. Accordingly, we believe that the Board should use a principles-based approach when considering this matter.

3. Recognizing that this proposed SWP is ambitious, do you believe the IESBA should accelerate or defer any particular work stream(s)? If so, please explain why.

Except for the following, we support the Board's ambitious work stream identified in the Proposed Strategy and Work Plan and believe that the work streams identified are appropriate.

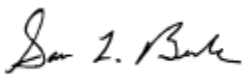
We support the Board exploring a new work stream and conducting research on trends and developments in technology. Technology changes rapidly and is constantly evolving. Therefore, prior to commencing standard-setting, we believe the Board should consider a principles-based approach whereby ethical implications of such changes may be addressed more nimbly. However, we believe the Board should have a more ambitious time-line to address ethical implications pertinent to recent technology changes.

4. Do you have comments on any other matters addressed in this consultation paper or any significant matters not covered in this consultation paper that you believe the IESBA should address?

We believe that it is important that the Board conduct research to determine effectiveness or unintended impacts of standards as well as research that supports the Board's conclusions.

We appreciate this opportunity to comment. We would be pleased to discuss in further detail our comments and any other matters with respect to the IESBA's Proposed Strategy and Work Plan.

Sincerely,



Samuel L. Burke, CPA
Chair, Professional Ethics Executive Committee

cc: Brian Caswell, CPA, IESBA Member
Myriam Madden, IESBA Member
Toni Lee-Andrews, CPA, PFS, CGMA, Director – Professional Ethics