

Draft Consultation Paper – IESBA Strategy and Work Plan 2015-2018

Introduction

1. The International Ethics Standards Board for Accountants (IESBA, the Ethics Board) serves the public interest by setting high-quality ethics standards for professional accountants (PAs) in the form of the *Code of Ethics for Professional Accountants* (the Code), and by facilitating the convergence of international and national ethics standards. The Ethics Board believes that a single set of high-quality ethics standards can enhance the quality and consistency of services provided by PAs throughout the world, thereby contributing to public confidence in the accounting profession. The Ethics Board sets its standards under the oversight of the Public Interest Oversight Board (PIOB), and with the advice of the IESBA Consultative Advisory Group (CAG).
2. The Board is undertaking this consultation to obtain views on its proposed future strategy, including possible actions and priorities identified to implement the strategy. The input received will enable the Board to set the course for its future activities in support of its public interest mandate. The IESBA invites comments on any aspect of its proposed strategy.
3. This Consultation Paper has been developed taking into account input received from the Board's January 2013 stakeholder survey ("Stakeholder Survey"), the Board's National Standard Setter (NSS) liaison group and other stakeholders, and considering relevant external developments. It comprises the following sections:
 - I. **Context for the Ethics Board's Future Strategy** – An overview of the Ethics Board's key activities to develop a strong base of ethics standards, key influences and challenges for the upcoming period, and the IESBA's planning horizon.
 - II. **Strategic Themes for 2015–2018** – The Board's proposed areas of strategic focus.
 - III. **Potential Actions and Priorities** – How the Board intends to focus its efforts to fulfill its identified strategic themes.
 - IV. **Guide for Respondents** – Specific questions to respondents to help guide input to the Board in determining its future strategy and work plan.

I. Context for the Ethics Board's Future Strategy

Strong Base of International Ethics Standards

4. Over the past several years, the Board's strategic efforts have been focused on further developing the Code into a robust set of ethics standards for application by PAs globally. These efforts, which included the Independence I¹ and Independence II² projects as well as a drafting conventions

¹ The Independence I project led to a number of enhancements to the Code with respect to professional accountants performing assurance engagements, including extension of the independence requirements for audits of listed entities to all public interest entities, and strengthening of a number of provisions related to the provision of non-assurance services to audit clients.

² The Independence II project resulted in further enhancements to the Code, particularly with respect to the provision of internal audit services to audit clients, and further guidance regarding both the relative size of total fees received from an audit client, and contingent fees.

project,³ culminated in the July 2009 release of a revised Code that clarified requirements for all PAs and significantly strengthened the independence requirements for auditors. The revised Code, which became effective on January 1, 2011, maintains the Board's principles-based approach to setting ethics standards, supplemented by detailed requirements where necessary.

5. Since the release of the 2009 Code, the Board's efforts have been focused on fulfilling a number of commitments on its current strategy and work plan (SWP) intended to further strengthen the Code. These efforts led to the release in March 2013 of revised standards addressing the topics of conflicts of interest and a breach of a requirement of the Code. Efforts continue apace in progressing the Board's work in a further area of high public interest need, specifically establishing appropriate standards for the conduct of PAs when they face a suspected illegal act (SIA).⁴
6. At the same time, the Board has pursued an active outreach agenda intended to *inter alia* support the adoption⁵ of the revised Code around the world. The Board has also focused on developing and further enhancing relationships with international and national regulatory and auditor oversight bodies, and NSS, among other stakeholders. In addition, the Ethics Board staff has released a number of publications commissioned by the Board to support effective implementation of the revised Code.

New Work Streams in 2012

7. The Board closely monitors developments in the regulatory, business, and professional communities to assess whether and how those developments should influence its ongoing SWP. Accordingly, the Board's strategy remains dynamic and is subject to revision as the Board determines appropriate, not only to maintain but also to advance the Board's position as a leader in setting ethics standards for the profession internationally.
8. In response to developments in the environment, the Board agreed in 2012 to include four additional work streams into its 2012 SWP, thereby extending the range of its current strategy until at least the end of 2014. These additional work streams have led to the Board recently approving the start of three new projects, namely: a review of the provisions in the Code that deal with long association of senior personnel (including partner rotation) with an audit client;⁶ a review of the non-assurance services provisions in the Code to ensure that they continue to support a rigorous approach to independence for assurance services;⁷ and a review of Part C of the Code addressing

³ The drafting conventions project led to enhancements to the Code as a result of the Board's adoption of new drafting conventions.

⁴ See <http://www.ifac.org/ethics/projects/responding-suspected-illegal-act>

⁵ IFAC's Statement of Membership Obligations (SMO) 4, *IESBA Code of Ethics for Professional Accountants*, defines adoption as follows:

Adoption is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

⁶ See <http://www.ifac.org/ethics/projects/long-association-senior-personnel-including-partner-rotation-audit-client>

⁷ See <http://www.ifac.org/ethics/projects/non-assurance-services>

PAs in business (PAIBs).⁸ The fourth work stream has led to the launch of an initiative to reconsider the structure of the Code with a view to enhancing the Code's usability, thereby facilitating increased adoption and more effective implementation.⁹

The External Environment – Key Trends, Influences and Challenges

9. While a number of jurisdictions have already adopted the 2009 Code, proactive steps are being taken in many other jurisdictions around the world to adopt the revised Code. This movement is being aided in no small part by the International Federation of Accountants' (IFAC) SMO 4, which requires IFAC member bodies to take actions to have the Code adopted and implemented in their jurisdictions in accordance with their levels of responsibility for ethics standards. This also is a reflection of the strong base of ethics standards that the revised Code has established. The Board, however, does not underestimate the challenges of adoption, given the diversity in national legal and regulatory frameworks, fragmented responsibilities for the promulgation of ethics standards at the national level in many jurisdictions, and the need for translation, among other reasons. These challenges emphasize the importance of the Board continuing to focus effort on facilitating adoption and implementation of the Code around the world.
10. A further relevant trend has been the increasing efforts of regulators and auditor oversight bodies at both international and national levels aimed at enhancing audit quality, consistent with their roles to protect the public interest. These efforts have manifested themselves in active policy agendas in a number of major jurisdictions such as the European Union, the US and Canada, seeking to reform the audit market or otherwise enhance audit quality, including through measures to further strengthen auditor independence. Additionally, organizations established to promote collaboration in regulatory activity, such as the International Forum of Independent Audit Regulators (IFIAR), are focusing effort on better facilitating the sharing of knowledge and practical experiences of independent audit regulatory activity among their members, including with respect to inspections of accounting firms' compliance with ethics standards. Outreach to, and liaison with, the regulatory and auditor oversight community will be particularly important in understanding that community's expectations regarding the Board's standards and activities.
11. Finally, standards are also influenced by developments such as evolving technologies, increasing globalization, lowering of barriers to capital flows, and the continual evolution of financial reporting. These developments may, in particular, directly or indirectly affect the demand for, and nature of, services provided by PAs.

The Ethics Board's Strategic Planning Horizon

12. The Board's previous SWPs have historically covered three-year time spans, although the current SWP covers the 2011-2012 period due to its being finalized and released only in 2011. The Board proposes to slightly extend the range of its strategy planning period to four years commencing in 2015 (i.e., 2015–2018).
13. The Board believes that doing so will provide stakeholders with a better understanding of the Board's medium to longer term priorities. This slightly extended horizon also will enable the Board to better identify priorities for its work plan in the light of its available resources, taking into account

⁸ See <http://www.ifac.org/ethics/projects/review-part-c-code>

⁹ See <http://www.ifac.org/ethics/projects/structure-code>

the time needed to develop standards with due process. At the same time, the proposed planning horizon is not so long as to preclude timely consultations with stakeholders regarding the Board's future strategy given developments in the external environment.

II. Strategic Themes for 2015–2018

14. The Ethics Board's strategic themes reflect the Board's vision over the medium to longer term and assist in guiding the Board's activities over the 2015-2018 strategy period, taking into account the context in which the strategy is developed. These strategic themes establish in essence the overarching objectives for which decisions are made by the Board regarding projects to be undertaken or other specific actions, and their priorities, during the strategy period.
15. The Board recognizes that the context in which the strategy is set can change rapidly, and new developments may call for a reconsideration of the strategic themes or the actions and priorities that have been identified thereunder. Accordingly, the Board is committed to actively monitor emerging issues or other developments that may have an impact on its strategic direction or work plan, and will make adjustments to these if necessary and appropriate.
16. The strategic themes for 2015–2018 identified by the Board are:
 - (i) *Promoting and facilitating the adoption and effective implementation of the Code;*
 - (ii) *Maintaining a high-quality Code of Ethics for application by PAs globally;*
 - (iii) *Evolving the Code for continued relevance in a changing global environment; and*
 - (iv) *Increasing engagement and cooperation with key stakeholders.*
17. These themes are briefly described below.

Promoting and Facilitating the Adoption and Effective Implementation of the Code

18. The Board believes that adoption and effective implementation of the Code around the world is an important part of achieving convergence of international and national ethics standards. Globally recognized and accepted ethics standards serve the public interest because they establish a common reference point for PAs wherever they are based around the world relative to the high level of ethical conduct expected of them in providing services to their clients or meeting their responsibilities to their employing organizations. Further, common auditor independence standards provide for a consistent understanding among investors, public authorities and others of what it means for an auditor to be independent, thereby leading to increased confidence in auditors' reports.
19. The Board, however, recognizes that adoption of the 2009 Code is uneven around the world, and there is a need to better understand the extent of adoption. While some jurisdictions have already fully adopted the Code, others have been progressing towards adoption at different speeds for a number of reasons. Chief among those have been capacity issues and fragmented responsibilities for ethics standards at the national level. But importantly, the Board has also heard from stakeholders that the current structure of the Code itself has been an impediment to more rapid and wider adoption of the Code and its more effective implementation around the world. As the structure of the Code is a matter that is directly within the Board's purview, the Board envisions prioritizing steps over the next strategy period that will lead in the longer term to a fully modernized set of standards that will be easier to adopt and that can be more effectively implemented.

20. Further, recognizing the significant changes to strengthen the Code in recent years, a number of respondents to the strategy survey have encouraged the Board to focus less on issuing new standards and more on outreach to promote the revised Code and raise awareness of its robustness among stakeholders. Equally, the Board has been hearing of regulatory concerns about certain aspects of enforceability of the Code, suggesting the need to address those concerns within the framework of a principles-based Code. Accordingly, the Board foresees outreach to stakeholders to be a key part of this strategic theme.

Maintaining a High-Quality Code of Ethics for Application by PAs Globally

21. Setting high-quality ethics standards for PAs in public practice, including auditors, and PAIBs is the primary essence of the Board's role in the public interest. The Board envisions that this will remain so in the longer term. PAs are involved in a wide variety of roles in business and in practice, and it is important that the Code continues to set a high ethical benchmark for them in any endeavor they choose to pursue in their capacity as PAs.
22. While the Board has focused, over the past decade or so, largely on developing robust ethics standards for PAs in public practice, particularly independence standards for audits of financial statements, the Board envisions in the medium to longer term a Code that more comprehensively addresses the particular ethical issues PAIBs may face in their roles in business.
23. It behooves the Board to continue to seek to strengthen the Code where appropriate in order for the Code to remain a leading set of ethics standards for the global profession. At the same time, the Board will be sensitive to the burden changes to the Code place on those who adopt and implement the Code. Accordingly, the Board envisions developing new or revised standards over the strategy period only where there is a clear public interest need and benefit for it to do so.

Evolving the Code for Continued Relevance in a Changing Global Environment

24. The Board firmly believes in the need for, and importance of, the Code to remain relevant in the continually evolving context in which it is adopted and implemented. In this regard, the Board envisions the changing global environment as directly impacting the Code in three respects:
- (a) The rapid evolution of technology, which creates both opportunities and challenges for how the Code is used and applied in practice;
 - (b) Regulatory developments that may have implications for the nature and extent of services auditors may provide to their audit clients, including any attendant pressures on fees; and
 - (c) Continuing globalization of capital markets that has led to increasing complexity and opacity in some areas where PAs practice (for example, in the vast field of collective investment vehicles (CIVs)), and therefore an increased need for guidance on the application of the fundamental ethics principles.
25. In the first respect, the Board foresees in the longer term a Code that will leverage developments in technology in terms of how it is packaged and distributed. The Board believes that exploring steps in this direction over the next strategy period could lead to enhancing the Code's relevance to users. Further, appropriately leveraging technology could have the benefit of facilitating greater access to, and dissemination of, the Code around the world, thereby supporting greater adoption of the Code.

26. In the latter two respects, there is no suggestion that the Code is inadequate in supporting PAs in their various roles in this changing global environment. Indeed, the Board reaffirms its strong belief that the principles-based Code is a robust set of standards that appropriately equips PAs in navigating the ethical landscape in the diverse professional activities they may undertake. Rather, the Board envisions the need for it to understand the ethical implications of any regulatory developments internationally and any major shifts or trends in areas of economic activity that rely on the services of PAs. Doing so will enable the Board to preemptively and as necessary evolve the Code to ensure its continued relevance and robustness.

Increasing Engagement and Cooperation with Key Stakeholders

27. The Board greatly values the involvement of its key stakeholders in its standard-setting process. Indeed, the Board firmly believes that input from, and the diverse perspectives of, these stakeholders strongly contribute to the quality of the standards it sets. The Board foresees greater engagement and cooperation with key stakeholders as being a long-term strategic goal not only because this leads to higher quality outputs but also because this results in greater acceptance of the Board's standards.
28. Therefore, over the next strategy period and beyond, the Board anticipates investing time and resources to forge closer working relationships with key stakeholder groups, including regulators and auditor oversight bodies, NSS, the profession, investors and IFAC member bodies.
29. At the same time, the Board has acknowledged the importance of the notion of evidence-based standard setting in providing firm and credible grounding in support of decisions about the nature and extent of future standard-setting activities. The academic community can play a valuable role in this regard through its research activities, which may yield relevant evidential material as an input to the Board's consideration of future standard-setting issues. The Board therefore foresees nurturing and strengthening its relationship with this stakeholder group in the medium to longer term.

III. Potential Actions and Priorities

30. This section explains the implications of the Board's current projects and initiatives for the next strategy period, and discusses some of the factors that affect the Board's consideration of potential actions and priorities. An overview of actions and priorities that the Board believes would best serve to fulfill its strategic themes over the 2015–2018 period then follows.

Implications of Current Projects and Initiatives for the Next Strategy Period

31. Given the new work streams added to the Board's 2012 work plan, a number of projects and initiatives will likely carry over into 2015 and beyond. These include the Long Association, Non-Assurance Services and Part C projects, as well as the Structure of the Code initiative. In addition, subject to its further deliberations, the Board anticipates that its SIA project will likely extend into 2015.
32. Further, the Board has recently launched a new initiative to consider emerging issues and outreach. The Board is currently exploring the relevant processes that will underpin this initiative. Once these processes are in place, the Board anticipates semi-annual discussions on the relevant matters flowing from the initiative throughout the strategy period.

Factors Guiding the Determination of Potential Actions and Priorities

33. In determining potential actions and their priorities for the 2015–2018 period, the Board considered a number of factors, including the following:
- The potential benefits to the public interest of undertaking the particular action.
 - The extent to which the particular action will further enhance public trust and confidence in the profession, having regard to the diverse areas in which PAs are involved in both business and practice.
 - The degree of urgency in addressing the particular matter, and the potential implications if action is not taken or delayed.
 - The global relevance of the particular matter.
 - The extent to which the particular action will further advance global adoption of the Code and support its effective implementation.
 - The likely agenda capacity and resources available over the strategy period, taking into account the need to maintain some spare capacity to address new issues that may arise during the period.
 - The need to respect due process, including appropriate consultation with stakeholders.
34. The Board is conscious that it may be necessary to redirect resources to address a particular issue or undertake a previously unidentified project on an urgent basis in the light of external developments. The Board will make such a decision based on a careful analysis of the particular issue. As any such decision would likely impact the forward work plan, including the relative priorities and timelines of pre-existing commitments, the Board believes maintaining a degree of flexibility in its future SWP would be important.

Key Assumptions

35. A key assumption in developing the proposed SWP is that the Structure of the Code initiative will receive clear stakeholder support as a result of the anticipated formal consultation process in 2014 and will therefore proceed as a standard-setting project on a high priority basis. While the outcome of this consultation process and the Structure of the Code Working Group's recommendations regarding the restructuring work program are unknown at this stage, it is assumed that splitting the project into a number of separate work streams proceeding in parallel will be necessary. The Board anticipates revisiting this assumption during the course of 2014 when work on the Structure of the Code initiative has advanced further, prior to finalizing the SWP for 2015-2018.
36. The following are other key assumptions underpinning the proposed SWP:
- The Board meets for three days, four times a year. The agenda for each meeting could cover three to six projects, depending on the nature of the projects and their individual stages.
 - There will be a complement of three technical staff members, not including the Technical Director, throughout the strategy period.
 - There will not be a need to re-expose any of the standard-setting proposals (except potentially in the case of the SIA project).

- The Board's periodic consideration of emerging issues throughout the strategy period will not identify matters that will require a redirection of resources and reconsideration of the pre-existing commitments or prioritizations on the SWP.
- Standard-setting projects will follow normal due process. They may take from 24-36 months to complete, depending on their nature and complexity, and the need for research and stakeholder consultation prior to issuance of an exposure draft or consultation paper.
- Detailed work on projects is undertaken by task forces drawn from the Board and may include technical advisors or external experts.

Overview of 2015–2018 Actions and Priorities

Promoting and Facilitating the Adoption and Effective Implementation of the Code

Structure of the Code

37. The Board anticipates dedicating an important part of its time and resources over the strategy period to its Structure of the Code initiative, which is seeking to identify ways to enhance the usability and accessibility of the Code. Respondents to the strategy survey overwhelmingly supported this initiative as an important one to pursue during the strategy period, reinforcing the already wide support for the initiative that the Board has received from the IESBA CAG, NSS and other stakeholders. The Board believes this course of action would add the most value from a public interest perspective, as restructuring the Code to modernize it and simplify it will potentially lead to greater acceptance of the Code internationally, as well as its more effective implementation.
38. The Board has taken note of NSS advice not to underestimate the amount of work the Board will need to undertake in a restructuring project. Research is in progress and it may lead to the development of proposals on which it will be necessary to formally consult stakeholders in due course. The Board, however, anticipates being able to start this restructuring project in mid-2015, with finalization towards the latter part of the strategy period.

Enforceability and Related Matters

39. Feedback from certain regulators and auditor oversight bodies has indicated that enforceability of the Code is a challenging issue, particularly from an inspection perspective. The matter of enforceability is of relevance to the global acceptance of the Code and it is partly linked to the clarity of the Code. The matter will be addressed under the Structure of the Code initiative and the Non-Assurance Services project in some respects. However, the Board believes that enforceability is a complex topic and it is important that the particular meaning intended is clear when it is mentioned – for while the Code is principles-based, it also contains bright lines such as strict prohibitions and restrictions on activities PAs can do.
40. Related to the above, the Board is aware of some criticism of the “threats and safeguard” approach underpinning the conceptual framework in the Code, a matter that also is related to the global acceptance of the Code. The Board firmly believes in the robustness of this approach as it stimulates PAs to think carefully about what their ethical conduct should be in different circumstances.
41. These matters highlight the need for the Board to further engage with regulatory stakeholders internationally and nationally to better understand their perspectives while also communicating the

Board's views on these matters to them. Accordingly, the Board plans to dedicate time and effort to doing so throughout the strategy period. At the same time, the Board plans to commission staff publications to communicate the Board's views on these complex topics. Subject to available resources, work on these publications could start in 2014.

Understanding the Extent of Adoption of the Code

42. The Board recognizes that many jurisdictions around the world are actively pursuing adoption efforts with respect to the Code and that others have already done so. Nevertheless, some on the CAG as well as a few respondents to the strategy survey have encouraged the Board to document the progress of adoption of the Code around the world. The Board accepts that the better it is able to demonstrate momentum in adoption, the easier it will be to encourage and promote further adoption globally. Accordingly, during the strategy period the Board will aim to develop a fuller understanding of the extent of adoption of the 2009 Code.
43. This action does not mean that the Board will undertake a benchmarking exercise with respect to every jurisdiction. Indeed, the Board's limited resources would preclude such an extensive and time-consuming endeavor. Rather, the Board anticipates working closely with IFAC's Compliance Advisory Panel to explore whether IFAC member bodies could be encouraged to benchmark their national ethics standards against the Code, specifically with a view to identifying any national requirements that are less stringent than the Code and understanding why.

Outreach to Stakeholders and Other Activities in Support of Adoption and Implementation

44. The Board will continue to prioritize outreach as a key activity within its efforts to promote and facilitate the adoption and effective implementation of the Code. The Board believes that it is important that stakeholders around the world are made aware of and understand the robustness of the Code and the vital part it plays in supporting the profession's role in the global economy. Accordingly, the Board will plan an active outreach agenda over the strategy period, taking into account directional input from its Emerging Issues and Outreach initiative.
45. The Board also will be prepared to commission additional staff publications, where necessary and appropriate, in its further efforts to facilitate the adoption and effective implementation of the Code internationally.

Maintaining a High-Quality Code of Ethics for Application by PAs Globally

Completing Ongoing Standard-Setting Projects

46. The Board anticipates keeping a steady course on its SIA, Long Association, Non-Assurance Services and Part C projects over the 2015-2018 period in support of this strategic theme. While all of them are important, the Board will focus particular attention on the Part C project where a number of priority topics have been identified that are especially relevant to PAIBs. Subject to due process including consultation with stakeholders, the Board anticipates that this project will lead to more comprehensive ethics standards and guidance for PAIBs.

Guidance Regarding Safeguards in the Code

47. In response to regulatory input from the strategy survey, the Board plans to undertake a comprehensive review of the safeguards in the Code, particularly in relation to auditor

independence. The regulatory concerns revolve around the appropriateness and effectiveness of safeguards in certain areas of the Code. The Board acknowledges that there are a number of practical issues regarding safeguards. In addition, the matter concerns not only the firms that undertake the largest and most complex audits, but also small- and medium-sized practices (SMPs) including sole practitioners.

Evolving the Code for Continued Relevance in a Changing Global Environment

Leveraging Technology

48. The Board will explore as part of the Structure of the Code initiative the idea of an “electronic” Code. Different possibilities exist regarding how technology could be used to facilitate greater access to, and distribution of, the Code. Additionally, innovative uses of technology could bear potential promise in terms of facilitating more effective implementation and more consistent application of the Code. Appropriate research and stakeholder consultation will be prerequisites to any substantive work by the Board in this regard, and any concrete outcomes in that direction may not materialize until after 2015-2018 strategy period.

Fee Dependency

49. In response to regulatory input from the strategy survey as well as developments in the external environment, the Board will undertake a broad review of the topic of fee dependency. This topic encompasses a number of different aspects, including consideration of the adequacy of safeguards to eliminate any self-interest or intimidation threat that may arise from significant fee dependency on a client, the potential need for guidance with respect to the level of non-audit services provided to audit clients, and concerns about the effects of undue fee pressures on PAs’ ability to adhere to the fundamental ethical principles.
50. The IESBA recognizes that it had considered the matter of fees in the recent past, particularly contingent fees in the context of the Independence II project. However, the topic of fee dependency is becoming increasingly important, especially given developments concerning mandatory tendering of listed entity audits in some major jurisdictions.
51. Appropriate research, analysis and consultation regarding the topic will be necessary. These activities will help steer the Board’s focus on which specific issues it should address, and inform its consideration of the most appropriate ways to address them (including but not limited to the commissioning of appropriate staff publications).

Collective Investment Vehicles (CIVs)

52. The Board will explore the topic of CIVs, given that the global footprint for CIVs such as mutual funds and hedge funds has continued to increase, not only in terms of amounts invested but also in terms of the spread of investors in them globally. This specific topic has been flagged as important by a few of the respondents to the strategy survey. A focus of the initiative will be to seek a better understanding of the application of the “related entity” definition in the Code to such investment vehicles when firms audit the underlying funds, the sponsor/advisor of the funds, or both.
53. The Board recognizes that a number of respondents to the Board’s previous strategy consultation did not support a project addressing CIVs given concerns around the diversity of management and governance structures for such vehicles around the world, and the difficulty that creates in

determining a common approach. However, given the size and reach of the global CIV industry and the fact that regulators have been looking more closely at regulating such vehicles, the Board believes that there is a high public interest need for it to focus strategic attention in this area.

54. A prerequisite to any consideration of a project in this area will be appropriate research to fully understand the issues. Accordingly, the Board will proceed cautiously before determining whether changes to the Code would be necessary.

Emerging Issues Initiative

55. In support of this strategic theme, the Board also plans to undertake periodic reviews of emerging issues with a view to determining whether any actions are needed outside of its normal strategic planning process and whether any adjustments should be made to its current strategy and work plan. The Board's Emerging Issues and Outreach Working Group is currently exploring appropriate processes in this regard and the Board anticipates that these will be in place by the end of 2013.

Increasing Engagement and Cooperation with Key Stakeholders

56. The Board will seek to extend and deepen its engagement and cooperation with its key stakeholders during the strategy period, recognizing that dialogue with, and contributions from, them are an important ingredient to the quality and global acceptance of its standards. In this regard, the Board will continue to prioritize closer working relationships with international and national regulators and auditor oversight bodies such as the International Organization of Securities Commissions (IOSCO) and IFIAR.
57. The Board will also seek to strengthen its working relationship with its NSS liaison group, recognizing the breadth and depth of experience and expertise they bring to the table. In this regard, the Board will explore opportunities to cooperate or collaborate with NSS on initiatives of mutual interest, leveraging the resources at their disposal.
58. The Board will also continue to actively liaise with the International Auditing and Assurance Standards Board (IAASB), the Forum of Firms, and the SMP Committee, PAIB Committee and other relevant committees of IFAC in seeking their inputs and perspectives on relevant projects or initiatives during the strategy period.
59. Finally, the Board will be exploring establishing closer links with the academic community, recognizing the contributions that stakeholder group can make through its research or other work to the Board's standard-setting activities.

Summary of Potential Projects and Activities, and Work Plan 2015–2018

60. Appendix 1 summarizes the projects and activities the Board proposes to undertake during the strategy period and, where appropriate, the quarter in which each project or activity is expected to commence.
61. Appendix 2 sets out an illustrative work plan for the period that shows how the Board intends to conduct its projects and initiatives.

IV. Guide for Respondents

62. The Board welcomes comments on all matters addressed in this consultation paper.
63. The Board in particular would welcome respondents' views on the following:
 - (a) Are the strategic themes identified for the period 2015-2018 appropriate? If not, please explain why.
 - (b) Are the actions identified with respect to each strategic theme, and their relative prioritizations, appropriate? If not, please explain why.
 - (c) Are there any actions (whether projects or initiatives) not included in the proposed SWP that you believe the Board should consider for the 2015-2018 period? If so, please explain why, and indicate which actions identified in proposed SWP should be displaced (i.e., deferred or eliminated).
64. The Board invites comments on any other matters you believe would be important for the Board to consider in developing its SWP for 2015-2018.

APPENDIX 1

Proposed Projects and Activities for 2015-2018

Project/Activity	Expected Timing
Promoting and facilitating the adoption and effective implementation of the Code	
<p><u>Current Initiative/Project</u></p> <p>Structure of the Code</p> <ul style="list-style-type: none"> Identify and recommend to the IESBA ways to improve the usability of the Code, thereby facilitating adoption, effective implementation and consistent application 	<p>Restructuring project commencing Q2 2015</p>
<p>Enforceability¹⁰ and related matters</p> <ul style="list-style-type: none"> Engage with regulatory stakeholders and consider development of appropriate publications to convey the IESBA's views on such matters. 	<p>Ongoing</p>
<p>Enhancing understanding of the extent of adoption of the Code</p>	<p>Ongoing</p>
<p>Stakeholder outreach</p>	<p>Ongoing</p>
<p>Development of staff publications in support of adoption and effective implementation of the Code</p>	<p>Ongoing</p>
Maintaining a high-quality Code of Ethics for application by PAs globally	
<p><u>Current Projects</u></p> <p>Responding to a Suspected Illegal Act</p> <ul style="list-style-type: none"> Develop appropriate requirements and guidance for professional accountants regarding how to respond in situations where they encounter a suspected illegal act. 	<p>Final Board approval 2015</p>

¹⁰ The topic of enforceability will also be addressed in some respects under the Structure of the Code initiative and the Non-Assurance Services project.

Project/Activity	Expected Timing
<p>Long Association</p> <ul style="list-style-type: none"> Review the long association provisions in Section 290 of the Code to ensure that they continue to provide robust and appropriate safeguards against the familiarity and self-interest threats arising from long association with an audit client. 	Commenced Q4 2012
<p>Non-Assurance Services</p> <ul style="list-style-type: none"> Review the non-assurance services provisions in Sections 290 and 291 of the Code to ensure that they continue to support a rigorous approach to independence for assurance services, particularly audits of financial statements. 	Commenced Q4 2012
<p>Part C of the Code</p> <ul style="list-style-type: none"> Undertake a review of Part C of the Code to ensure that its provisions as they apply to PAIBs remain appropriate and are robust. 	Commenced Q1 2013
<p><u>New Project</u></p> <p>Guidance Regarding Safeguards in the Code</p> <ul style="list-style-type: none"> Review the safeguards in the Code from the perspectives of appropriateness and effectiveness, and consider whether changes should be made, including whether additional safeguards should be specified or whether existing safeguards should be removed. 	Commencing Q1 2015
<p><i>Evolving the Code for continued relevance in a changing global environment</i></p>	
<p>Leveraging Technology</p> <ul style="list-style-type: none"> As part of the Structure of the Code initiative, explore how technology could be better leveraged to facilitate greater access to, and dissemination of, the Code, and its more effective implementation and consistent application. 	Subject to prioritization under the Structure of the Code initiative

Project/Activity	Expected Timing
<p><u>New Projects</u></p> <p>Fee Dependency</p> <ul style="list-style-type: none"> Undertake a broad review of the topic of fee dependency and consider actions that may be appropriate to address identified issues. 	Commencing Q1 2015
<p>Collective Investment Vehicles</p> <ul style="list-style-type: none"> Review the application of the “related entity” definition in the Code to CIVs when firms audit the underlying funds, the sponsor/advisor of the funds, or both, and consider whether changes are needed or whether further guidance should be developed. 	Commencing Q2 2016
<p>Emerging issues</p> <ul style="list-style-type: none"> Consider emerging issues brought forward by the standing Emerging Issues and Outreach working group. 	Ongoing
<p>Increasing engagement and cooperation with key stakeholders</p>	
<p>Active liaison with key stakeholders, including international regulators and auditor oversight bodies, NSS, firms (including SMPs), PAIBs and other stakeholders</p>	Ongoing
<p>Strengthening of links with the academic community</p>	Ongoing

APPENDIX 2

Illustrative IESBA Work Plan 2015-2018¹¹

PROJECTS/INITIATIVES			Sep-2013¹²		Dec-2013			Apr-2014		Jul-2014
Responding to a Suspected Illegal Act	CAG Sept 2013	PIOB mid-Sept 2013	Issues	PIOB end-Nov 2013	First read re-ED ¹³	PIOB Feb 2014	CAG March 2014	Approve re-ED	PIOB end-June 2014	
Long Association			Issues		First read			Approve ED ¹⁴		
Non-Assurance Services			Update		First read			Second read		Approve ED ¹⁵
Part C – Phase I			Issues		Issues			First read		Second read
Structure of the Code			Update		Preliminary Report			Final report		Approve CP
Strategic Plan 2015-2017			Discussion		Approve CP			Full review of CP responses		First read post-CP
OTHER INITIATIVE			Sep-2013		Dec-2013			Apr-2014		Jul-2014
Emerging Issues and outreach			Consider Processes		Approve Processes			Discussion		

ED: Exposure draft
 CP: Consultation paper

¹¹ This illustrative work plan is only intended to show how the IESBA plans to carry out its various projects and initiatives during the strategy period. The actual work plan will depend on the progress of the IESBA's various projects and initiatives and may change in response to external developments. The illustrative work plan does not include activities of a regular and an ongoing nature such as stakeholder liaison (other than the Emerging Issues and Outreach Initiative).

¹² The anticipated work plan for the period September 2013 – October 2014 is shown only for completeness.

¹³ Subject to the IESBA determining that re-exposure would be necessary

¹⁴ Subject to the IESBA determining that changes to the Code would be necessary

¹⁵ Subject to the IESBA determining that changes to the Code would be necessary

October 2014 – June 2015

PROJECTS/INITIATIVES	CAG Sept 2014	PIOB mid-Sept 2014	Oct-2014	PIOB end-Nov 2014	Jan-2015	PIOB Feb 2015	CAG March 2015	Apr-2015	Jun-2015	PIOB end-June 2015
Responding to a Suspected Illegal Act			Full review		First read post-re-ED			Second read post-re-ED	Approve final	
Long Association			Update		Full review			First read post-ED	Second read post-ED	
Non-Assurance Services					Update			Full review	First read post-ED	
Part C – Phase I			Approve ED					Update	Full review	
Part C – Phase II					Update			Issues		
Structure of the Code			Update		Full review			Discussion	Approve final restructuring work program	
Strategy 2015-2017			Approve final							
New Work Stream 1 (Safeguards)					Discussion			Discussion	Approve project proposal	
New Work Stream 2 (Fee Dependency)					Discussion			Update	Discussion	

OTHER INITIATIVE	Oct-2014	Jan-2015	Apr-2015	Jun-2015
Emerging Issues and outreach	Discussion		Discussion	

October 2015 – June 2016

PROJECTS/INITIATIVES			Oct-2015		Jan-2016			Apr-2016	Jun-2016	
Long Association	CAG Sept 2015	PIOB mid-Sept 2015	Approve final	PIOB mid-Nov 2015		PIOB Feb 2016	CAG March 2016			PIOB end-June 2016
Non-Assurance Services			Second read post-ED		Approve final					
Part C – Phase I			First read post-ED		Second read post-ED			Approve final		
Part C – Phase II									Issues	
Structure of the Code (comprising parallel work streams)			First read		Second read			Approve ED		
New Work Stream 1 (Safeguards)					Issues			Issues	First read	
New Work Stream 2 (Fee Dependency)			Approve project proposal					Issues	Issues	
New Work Stream 3 (CIVs)									Discussion	

OTHER INITIATIVE	Oct-2015	Jan-2016	Apr-2016	Jun-2016
Emerging Issues and outreach	Discussion		Discussion	

October 2016 – June 2017

PROJECTS/INITIATIVES		Oct-2016		Jan-2017			Apr-2017	June-2017	
Part C – Phase II	CAG Sept 2016	First read	PIOB mid-Sept 2016	Second read	PIOB Feb 2017	CAG March 2017	Approve ED		PIOB end-June 2017
Structure of the Code (comprising parallel work streams)		Update		Full review			First read post-ED	Second read post-ED	
New Work Stream 1 (Safeguards)		Second read		Approve ED					
New Work Stream 2 (Fee Dependency)		First read		Second read			Approve ED		
New Work Stream 3 (CIVs)		Update		Issues			Update	First read	
Strategy and Work Plan 2019-2022		Approve survey						Full review	

OTHER INITIATIVE	Oct-2016	Jan-2017	Apr-2017	Jun-2017
Emerging Issues and outreach	Discussion		Discussion	

October 2017 – June 2018

PROJECTS/INITIATIVES	CAG Sept 2017	PIOB mid-Sept 2017	Oct-2017	PIOB end-Nov 2017	Jan-2018	PIOB Feb 2018	CAG March 2018	Apr-2018	June-2018	PIOB end-June 2018
Part C of the Code – Phase II			Update		Full review			First read post-ED	Second read post-ED	
Structure of the Code (comprising parallel work streams)			Approve final							
Structure of the Code – Any additional Considerations					Discussion			Discussion		
New Work Stream 1 (Safeguards)			Full review		First read post-ED			Second read post-ED	Approve final	
New Work Stream 2 (Fee Dependency)			Update		Full review			First read post-ED	Second read post-ED	
New Work Stream 3 (CIVs)			Second read		Approve ED				Update	
Strategy and Work Plan 2019-2022			First read		Approve CP				Full review	

OTHER INITIATIVE	Oct-2017	Jan-2018	Apr-2018	Jun-2018
Emerging Issues and outreach	Discussion		Discussion	

October 2018

PROJECTS/INITIATIVES	CAG Sept 2018	PIOB mid-Sept 2018	Oct-2018	PIOB end-Nov 2018
Part C of the Code – Phase II			Approve final	
New Work Stream 2 (Fee Dependency)			Approve final	
New Work Stream 3 (CIVs)			Full review	
Strategy and Work Plan 2019-2022			Approve final	

OTHER INITIATIVE	Oct-2018
Emerging Issues and outreach	Discussion