



Friday, 7 July 2023

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Submission by email: [kensiong@ethicsboard.org](mailto:kensiong@ethicsboard.org)

Dear Ken

### **IESBA Proposed Strategy and Work Plan 2024-2027**

Chartered Accountants Australia and New Zealand (“**CA ANZ**”) appreciates the opportunity to provide comment on the International Ethics Standards Board for Accountants’ (“**IESBA’s**”) Proposed Strategy and Work Plan regarding areas of priority and focus for the IESBA during the period 2024-2027 (“**SWP**”).

CA ANZ is generally supportive of the IESBA’s SWP. While a SWP is a critical tool to inform the work of the IESBA going forward, it is important that the IESBA has the flexibility within this SWP to be responsive to unforeseen issues which may impact the profession. We observed the SWP has an extensive agenda for the period which includes complex new projects, such as sustainability assurance, and several post implementation reviews of equally challenging topics such as Non-Compliance with Laws and Regulations (“**NOCLAR**”), Long Association, Non-Assurance Services (“**NAS**”) and Fees. We encourage the IESBA to balance the expectations of stakeholders with the board’s limited recourses.

The SWP follows a period of significant and substantial change to the Code of Ethics for Professional Accountants (including Independence Standards) (“**the Code**”) and in turn other applicable standards promulgated by domestic standard setters. As discussed in our [response to Question 5 in the IESBA Strategy Survey \(2022\)](#), time is now needed to allow Professional Accounting Organisations (“**PAOs**”) and Professional Accountants (“**PAs**”) to digest and embed these changes. Implementation support through outreach activities and the publication of useful and practical non-authoritative material (“**NAM**”) focused on providing clarity and driving consistency, would be well received.

In **Appendix 1** we have responded to each of the IESBA's consultation questions. **Appendix 2** provides more information about CA ANZ. Should you have any questions about the matters raised in this submission or wish to discuss them further, please contact Josephine Haste CA, [josephine.haste@charteredaccountantsanz.com](mailto:josephine.haste@charteredaccountantsanz.com)

Yours sincerely,



**Vanessa Chapman**

Group Executive, General Counsel and Corporate Assurance

## Appendix 1

## Responses to Consultation Questions

Strategic Drivers, Themes and Actions	
1	<p><i>Do you agree with the IESBA's Proposed Strategic Drivers?</i></p> <p>CA ANZ broadly agrees with IESBA's proposed strategic drivers. We do consider strategic themes 3 and 4 to be interchangeable and therefore could be simplified into one strategic theme and category of drivers.</p> <p>The strategic drivers may benefit from a risk focused approach which considers potential threats to the reputation and good standing of the profession rather than only current, prevailing circumstances. To provide a practical example of why this is important, we draw IESBA's attention to the Australian environment where both KPMG and PwC have been the subject of adverse media attention. A number of parliamentary enquiries are currently underway focused on, amongst other matters, the ethical behaviour of professional accountants in our jurisdiction. Whilst we are yet to complete a root cause analysis of these matters, our initial view is that our local Code (which is at least equivalent to the IESBA Code) is clear on appropriate behaviour and it is the consistent application of the Code that is at the source of these two matters.</p> <p>CA ANZ has recently completed an extensive review of our <a href="#">Professional Conduct Framework</a>. As a result of one recommendation, CA ANZ will be exploring a change to our local Code. The recommendation, if adopted by the local standard setter, the Accounting Professional and Ethics Standards Board, would introduce a requirement for PAs to report wrongdoing committed by other PAs.</p>
2	<p><i>Do you agree with the IESBA's Proposed Strategic Themes and Proposed Strategic Actions?</i></p> <p>CA ANZ is generally supportive of the IESBA's proposed strategic themes as copied below.</p> <ol style="list-style-type: none"> <li>1. Enhancing trust in sustainability reporting and assurance</li> <li>2. Strengthening the Code or responding in other ways in areas beyond sustainability reporting and assurance</li> <li>3. Further enhancing the diversity of stakeholder perspectives and the global operability and acceptance of the IESBA's standards</li> <li>4. Widening the influence of the IESBA's standards through a continued focus on adoption and implementation</li> </ol> <p>As raised in our response to Question 1, themes 3 and 4 could be simplified in to one strategic theme and category of drivers. Due to the increased significance of reporting and assurance of an entity's sustainability information, we consider strategic theme 1 together with theme 4 to be of critical importance. We note that global adoption and implementation is easier to achieve when the Code is principles based rather than rules based. We therefore encourage the IESBA to remain focused on this approach to standard setting.</p> <p>We consider the Code to be substantially robust and therefore theme 2 to be the least important theme. In line with our opening comments, we have requested the IESBA provide a period of stability to both PAOs and PAs so that the Code can be embedded in our jurisdictions.</p> <p>We encourage the IESBA to use this period to pursue opportunities for global recognition of the IESBA Code as the international benchmark for best practice in sustainability assurance reporting.</p>

### Proposed Work Plan for 2024-2027

**3** Do you support the IESBA considering the topics set out in Table B as potential work streams? If so, please also share your views on any specific issues or questions you believe the IESBA should consider under these topics. If not, please explain your reasons.

The IESBA has listed the following topics as potential work streams in Table B;

- Role of CFOs and Other Senior PAIBs
- Business Relationships
- Audit Firm – Audit Client Relationship
- Definitions and Descriptions of Terms
- Custody of Data
- Communication with Those Charged with Governance

These are provided **in addition** to the following pre-committed work streams in Table A and Table C.

- Sustainability
  - Work Stream 1 – Independence
  - Work Stream 2 – Ethics
- Use of Experts
- Collective Investment Vehicles, Pension Funds & Investment Company Complexes
- Post-Implementation Review – NOCLAR.
- Post-Implementation Review – Long Association Phase 2
- Post-Implementation Review – Restructured Code
- Post-Implementation Review – Non-Assurance Services and Fees
- Post-Implementation Review – Definition of Public Interest Entity

As raised earlier, we encourage the IESBA to seek to balance stakeholder demands with the Board's limited resources and a need for a period of stability in the Code. We commend the IESBA for recognising that some of the potential work streams under consideration may best be managed by commissioning NAM.

Finally, CA ANZ supports evidence-based rationales for any proposed changes to the Code and therefore encourage the IESBA to seek evidence prior to commencing any of the projects listed in Table B.

**4** Do you believe the IESBA should accelerate or defer any particular ongoing, potential or pre-committed work stream(s) set out in Tables A, B and C? Please explain your reasons.

CA ANZ considers that some projects should be prioritised to enable the profession to lead in emerging services such as sustainability reporting and assurance.

We are concerned about the number of proposed post implementation reviews (**PIRs**) for two reasons.

1. That the rate and pace of proposed changes to the Code from the PIRs may negatively impact rates of adoption and implementation of new requirements which may undermine the intended purpose of the changes.
2. The timeframes between operative dates and proposed PIR dates are inconsistent. Some PIR dates are scheduled 6 years from the operative date (Restructured Code) and some are as little as 3 years from the operative date (Definition of Public Interest Entity). For the profession to provide meaningful feedback to the PIR process, we recommend that sufficient time be provided between operative and PIR dates.

**Proposed Work Plan for 2024-2027**

5 Are there any topics the IESBA should consider as potential new work streams? If so, please indicate whether these topics are more important than the topics identified in Table B, and the needs and interests that would be serviced by undertaking work on such topic(s).

We refer to our response at Q1. Should additional matters be identified that may indicate a need for amendment/s to the Code we will bring them to the IESBA’s attention.

**Additional Information**

6 The IESBA’s proposed Strategy and Work Plan emphasises the importance of close coordination with its sister Board, the IAASB. Do you have views or suggestions as to how coordination between the IESBA and IAASB could be enhanced to better service the public interest?

CA ANZ encourages co-operation and collaboration between the Standard Setting Boards (“SSBs”). We support endeavours to harmonise and streamline the operations of the IESBA and the IAASB and recognise the importance of these interactions given the common purpose of many objectives – to enhance quality, transparency, and trust in the profession.

While we support the profession emphasising the importance of coordinating topics of mutual interest between the IESBA and the IAASB, we consider that this approach should be a standard operational procedure and expectation rather than a potential work stream. To this end, we encourage the IESBA and IAASB to develop rules of engagement to support this approach. This may include consideration of the timing of projects between the SSBs to enhance efficiency and improve the quality of submissions received. Secondments of technical staff between SSBs may aid in transferability of skills and knowledge, creating an improved flow of information between the Boards.

To provide appropriately considered, quality contributions to board deliberations, it is critical that papers are distributed in a timely fashion to allow for meaningful consideration of content. Staggering board meetings and comment periods may also be beneficial in assisting stakeholders digest the material issued by each board.

7 Do you have comments on any other matters addressed in this Consultation Paper or any significant matters not covered that you believe the IESBA should consider in finalising the SWP 2024-2027?

CA ANZ has no further comment with respect to other matters addressed in this Consultation paper.

## Appendix 2

### About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents 131,673 financial professionals, supporting them to make a difference to the businesses, organisations and communities in which they work and live. Chartered Accountants are known as Difference Makers. The depth and breadth of their expertise helps them to see the big picture and chart the best course of action.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with mentored practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate boldly in the public good. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 15 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.

We employ more than 500 talented people across Australia, New Zealand, Singapore, Malaysia, Hong Kong and the United Kingdom.