

26 July, 2023

International Ethics Standards Board for Accountants

To: Ms. Gabriela Figueiredo Dias (Chair)

529 Fifth Avenue

New York

10017 USA

Subject: **COMMENTS ON THE IESBA PROPOSED STRATEGY AND WORK PLAN, 2024-2027**

Dear Ms. Dias,

1. The International Forum of Independent Audit Regulators (IFIAR) appreciates the opportunity to comment on the International Ethics Standards Board for Accountants (IESBA) request for input on its proposed strategy and work plan, 2024-2027. As an international organisation of independent audit oversight regulators that share the goal of serving the public interest and enhancing investor protection, IFIAR is committed to improving audit quality globally through the promotion of high-quality auditing and professional standards, as well as other pronouncements and statements.
2. IFIAR's objectives are as follows:
 - Sharing knowledge of the audit market environment and practical experience of independent audit regulatory activity, with a focus on inspections of auditors and audit firms.
 - Promoting collaboration and consistency in regulatory activity.
 - Initiating and leading dialogue with other policymakers and organisations that have an interest in audit quality.
 - Forming common and consistent views or positions on matters of importance to its members, while taking into account the legal mandates and missions of individual members.
3. The comments we provide in this letter reflect the views expressed by many, but not necessarily all, of the members of IFIAR. However, the comments are not intended to include, or reflect, all of the views that might be provided by individual members on behalf of their respective organisations.
4. Where we did not comment on certain specific matters this should not be interpreted as either approval or disapproval by IFIAR.

Overall comments

5. IFIAR broadly supports the strategic themes and drivers in IESBA's strategy and work plan as set out for 2024-2027. However, it will be important that the development of ethics and independence standards for sustainability do not come at the expense of ensuring that the ethics and independence standards for accountants' projects continue to progress. High profile ethical breaches at firms that have occurred recently re-inforce the importance of IESBA's work.
6. IESBA's Code of Ethics (the Code) is used by some, but not all, IFIAR members jurisdictions. Moreover, several global audit firms have voluntarily committed to comply with the Code. As a result, IFIAR has an interest in enhancing the quality, clarity and enforceability of the Code, even though existing ethical rules or provisions in force at the national level of our members may supersede those of the Code. We encourage IESBA to monitor and evaluate ethical rules or provisions in force at a national level as input for possible future enhancements to the Code.
7. The Code should be clear and enforceable to support consistent application. The Code should incorporate provisions required to ensure appropriate and consistent auditor behaviour: this means, for IESBA, to articulate clear ethical principles, along with clearly linked requirements, to promote better ethical behaviours and outcomes.
8. IFIAR welcomes the recognition, by IESBA, of the need to work closely with regulators and oversight bodies, and encourages IESBA to consider enforcement challenges and perspectives when drafting its standards. Addressing the needs for clarity and challenges faced by enforcers in their duty to sanction inappropriate behaviour will indeed be key to increase the acceptance of the Code.
9. IFIAR welcomes broader outreach to assurance providers outside of the accounting profession, it is unclear however, from the Consultation Paper, which actions will be undertaken by IESBA to promote the use of IESBA pronouncements related to sustainability reporting and/or associated assurance by other assurance services providers outside of the accounting profession.
10. Regarding the proposals included in the consultation, we would like to reiterate the importance of focusing on the expected outcomes associated with the proposed projects and initiatives. To this end, a further consideration by IESBA of the need to add prohibitions to the threats and safeguards approach regarding non-audit services would be expected.
11. We are supportive of the current project on the use of external experts. A global standard on ethics and independence that expands beyond accountants is becoming increasingly important due to the number of experts that are necessary to support both preparers and auditors of financial statements. The use of external experts is expected to continue to increase with the development of sustainability reporting and assurance standards

Outcomes/Deliverables

12. IESBA should remain committed, whenever possible without impeding quality, to projects being finalized within the expected time frame. Moreover, as transparency in the process of finalization of new standards remains a key point, we would encourage IESBA to inform the public of any changes to priorities and/or timelines.

Sustainability information

13. Given the strong demand from stakeholders to develop timely sustainability related standards, IFIAR supports the following ongoing IESBA projects on sustainability:
 - Sustainability – independence
 - Sustainability – ethics
14. IFIAR encourages IESBA to set the ethical requirements for the provision of assurance on sustainability reporting at a level that would be at least equivalent to the expectations for an audit of financial statements.
15. Further, we suggest that IESBA consider the impact, if any, on its work plan of the advanced timeline for consultation on the sustainability proposals by the International Auditing and Assurance Standards Board (IAASB) and the expected approval dates of the new standard.

Key concepts and terms

16. We encourage IESBA and the IAASB to streamline terms and definitions where possible to encourage adoption of the Code by other assurance providers as envisioned under the sustainability projects of both IESBA and IAASB.

Post Implementation Reviews/ Non-authoritative Guidance

17. IFIAR broadly supports IESBA's efforts to perform post-implementation reviews. In light of resource constraints, IFIAR suggests that IESBA prepares a detailed timeline of when projects are expected to be completed, accompanied by when the post-implementation reviews are expected to be conducted.
18. The completion of post-implementation reviews and development of non-authoritative guidance to support the code will be critical during this time of change. IESBA is encouraged to monitor the adoption timelines across jurisdictions to fully embed recent changes to the Code into their local regulatory framework.

Coordination with other standards-setting boards/Outreach to stakeholders

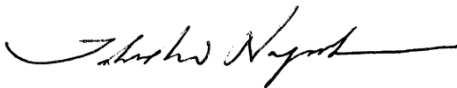
19. IFIAR supports the inclusion of coordination with the IAASB and other standard setters in IESBA's proposed strategic objectives and themes. IFIAR encourages the continuation of coordination between standards-setting boards on topics of mutual interest to overlapping strategic topics in an efficient and consistent way. Professional scepticism, technological developments, sustainability and emerging/newer models of service delivery are key projects where such coordination will be particularly important.
20. IFIAR continues to underline the importance of efforts aimed at fostering coordination and cooperation in the setting of auditing, assurance and ethical standards. However, IFIAR highlights that the sustainability reporting standards issued by the International Sustainability Standards Board (ISSB) will not be the unique reference for sustainability reporting standards applicable in the world. Thus, even if ISSB -IESBA coordination activities are welcome, IFIAR encourages IESBA to not only take into consideration in its work the standards developed by the ISSB, but also by other relevant national or regional standards setters in the field of sustainability reporting.

Taking into consideration the Monitoring Group's Reforms

21. Finally, we believe that IESBA strategy and work plan for the coming period should remain flexible in order to adapt to any evolution in operations of IESBA arising from the Monitoring Group's reforms. This may require IESBA to clarify any impact that the implementation of the Monitoring Group's reforms may have on its strategy and work plan going forward.

Should you wish to discuss any of our comments, please do not hesitate to contact me or James Ferris, Chair of the IFIAR Standards Coordination Working Group.

Yours faithfully,



Takashi Nagaoka, IFIAR Chair

Cc: Kevin Prendergast, IFIAR Vice Chair,
James Ferris, SCWG Chair,
Stacy Hammett, SCWG Vice Chair,
Carl Renner, IFIAR Executive Director