

Meeting: IESBA
Meeting Location: New York
Meeting Date: March 12-14, 2018

Agenda Item

4

Future Strategy and Work Plan

Objective of Agenda Item

1. To consider a revised draft IESBA Strategy and Work Plan 2019-2023 (SWP) consultation paper (CP) with a view to approving it for issuance.

Working Group

2. The Working Group comprises members of the Planning Committee (PC):
 - Dr. Stavros Thomadakis, IESBA Chairman
 - Richard Fleck, IESBA Deputy Chair
 - Reyaz Mihular, IESBA Member
 - Sylvie Soulier, IESBA Member

Observer

- Kristian Koktvedgaard, Chair, IESBA Consultative Advisory Group

Activities since Last IESBA Discussion

3. The PC met via teleconference in February 2018 to consider the feedback from the December 2017 IESBA meeting and to develop the revised draft CP. The PC subsequently liaised via email to finalize the agenda material for this Board meeting.
4. At its March 5, 2018 meeting, the IESBA CAG will be asked for advice on the revised draft CP. The Board will be briefed on the input from the CAG at the Board meeting.

Matters to Highlight

December 2017 IESBA Discussion

5. At the December meeting, the Board considered a first draft of the CP incorporating the PC's recommendations, taking into account the results of the April 2017 SWP [survey](#) and feedback received at the September 2017 IESBA CAG and IESBA meetings.
6. Overall, the Board broadly supported the direction of the draft CP. Among other matters, Board members made a number of comments and suggestions for the PC's further consideration in refining the CP, including the following:

- In relation to the vision for the Code, consideration should be given to articulating the highest purpose for the Code, including how the vision incorporates the concepts of values, trust and the public interest.
 - There is a need to set out more clearly the rationale for why raising the ethical bar should be one of the strategic themes in the SWP.
 - In relation to the proposed new standard-setting priorities, there should be a clearer distinction between topics that are more strategic in nature vs others that are less so.
 - The strategic themes should be highlighted more prominently when setting out the proposed actions, priorities and their timing.
 - The proposed timing for addressing the topic of tax planning and related services appears too late given public concerns that have already been raised about the issue of aggressive tax avoidance in particular.
 - It should be made clearer that some of the proposed topics may be interrelated, for example, non-assurance services (NAS) and fees, and NAS and materiality.
 - The SWP should include a robust strategy for outreach to promote adoption and implementation of the restructured Code.
7. At the December meeting, the Board also considered:
- (a) Matters raised by Committee 1 of the International Organization of Securities Commissions (IOSCO) in response to the previous SWP consultation that the Board had not yet addressed; and
 - (b) Matters that have been identified for future Board attention as part of the Structure and Safeguards projects.

The Board concurred with the PC's responses or recommendations in relation to these various matters.

Comments from the IFAC Small and Medium Practices (SMP) Committee

8. In commenting on the December 2017 Board agenda material, the IFAC SMP Committee:
- Conveyed its view that it is imperative for the Board to start monitoring the effective implementation of the restructured Code after a reasonable period of time.
 - Expressed appreciation for the Board's commitment to continue to engage with the SMP community as it further develops the Code by taking into account the perspective of the SMPs where appropriate.
 - Encouraged collaboration between the IESBA and IAASB in particular on the proposed initiatives to review the definitions of the terms "public interest entity" and "listed entity", and the review of the materiality provisions in the Code.
 - Highlighted the continuing need to recognize the importance of evidence-based standard setting and appropriate research of issues to be addressed.

Material Presented

- Agenda Item 4-A Draft IESBA Strategy and Work Plan 2019-2023 Consultation Paper (Mark-up)
- Agenda Item 4-B Draft IESBA Strategy and Work Plan 2019-2023 Consultation Paper (Clean)

Draft to be Discussed at the Meeting

9. The Planning Committee proposes that the mark-up draft (**Agenda Item 4-A**) be discussed at the meeting.

Action Requested

10. IESBA members are asked to consider the draft CP and approve it for issuance for a 90-day comment period.

Forward Timeline

Indicative Timing	Milestone
September 2018	Discussion of responses to CP with CAG
	Full IESBA review of responses to CP
December 2018	IESBA approval of final SWP
March 2019	PIOB consideration and approval of final SWP