

# IESBA Meeting Highlights and Decisions

September 2022

This summary of decisions of the International Ethics Standards Board for Accountants (IESBA) has been prepared for information purposes only. Except for documents approved for public exposure and issuance of final pronouncements, decisions reported on technical matters are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IESBA.

The IESBA met on September 12-16, 2022 in Nashville, USA, in a hybrid format. The audio recording of the meeting is available on the IESBA [website](#).

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## Sustainability

The IESBA considered a presentation from [Prof. Colin Mayer](#) of the University of Oxford on the topic of sustainability, focusing on the paradigm of “profitable solutions for the people and the planet,” i.e., solving problems for customers, society and the natural world and earning profit from doing so instead of making profits by creating problems for others, society at large or the environment.

The IESBA then discussed potential pathways and areas of focus in responding timely to the market needs for ethics, including independence, standards relating to sustainability reporting and assurance. As part of this discussion, the IESBA considered the responses to the sustainability-related questions in its [Strategy and Work Plan 2024-2027 Survey](#), pathway options identified by its Sustainability Working Group, and the Working Group’s preliminary recommendations. IESBA members also considered the International Organization of Securities Commissions’ (IOSCO) [September 15, 2022 statement](#) which called for “...high-quality, global assurance and ethics (including independence) standards that are profession-agnostic and can support limited, and ultimately, reasonable assurance of sustainability-related information.”

Among other matters, IESBA members discussed the potential scope, focus and timing of, and approach to, a standard-setting workstream to: (i) respond to the stakeholder calls for profession-agnostic ethics (including independence) standards for sustainability assurance engagements; (ii) address the evolving role of professional accountants in business (PAIBs), in particular CFOs, who are increasingly involved in preparing and presenting sustainability information; and (iii) deal with ethics (including independence) considerations related to the involvement of experts in reporting and assurance of corporate information, including sustainability information.

In addition, the IESBA provided final input on the draft IESBA Staff publication addressing the topic of “greenwashing” in relation to sustainability information, a matter of high public interest concern. The publication will be released in October 2022.

The IESBA will further consider the approach to its standard-setting workstream on sustainability during its meeting on November 1, 2022. It is aiming to approve a project plan at its November-December 2022 meeting that will allow for the timely delivery of profession agnostic ethics (and independence) standards

to complete the infrastructure for sustainability assurance engagements. These ethics (and independence) standards will activate complement the standards being developed by the ISSB and IAASB.

## Tax Planning & Related Services

The IESBA discussed a first-read draft of two proposed new sections to the Code addressing tax planning and related services, i.e., proposed Section 280 for PAIBs and proposed Section 380 for professional accountants in public practice (PAPPs). As part of that discussion, the IESBA provided input on draft provisions developed by the Tax Planning Task Force operationalizing an ethical framework to guide PAIB and PAPPs in navigating the circumstances when they are performing tax planning activities or providing tax planning services.

Among other matters, the IESBA deliberated proposed descriptions of the concepts of “tax planning” and “related services” or “related activities;” an articulation of the role of a professional accountant to act in the public interest in relation to tax planning; the principle of “credible basis” as a basis for going forward with advising on or recommending a tax planning arrangement; a proposed “stand-back” test; draft guidance on navigating the “gray zone” of uncertainty; and communication expectations when there is disagreement with the client or the responsible parties within the employing organization about a proposed tax planning arrangement.

The IESBA will review a revised draft of the proposed Sections 280 and 380 with a view to approving an exposure draft at its November-December 2022 meeting.

## Technology Fact Finding and Thought Leadership

The IESBA discussed the final draft of the Technology Working Group’s report on its fact finding work on developments in technology and their potential impact on professional accountants from an ethics perspective. Among other matters, the report provides an overview of the technology landscape, includes a discussion of key themes observed, and provides insights and recommendations for the IESBA. In this regard, the IESBA broadly supported taking the recommendations forward for further consideration as part of the development of its Strategy and Work Plan 2024-2027. The insights as well as some of the recommendations, particularly those relating to the development of non-authoritative material, also have broader relevance to the International Federation of Accountants (IFAC), national standard setters, professional accountancy organizations and other stakeholders.

Taking into account the IESBA’s further input, the Working Group will finalize the report for issuance by the end of November 2022.

## Engagement Team–Group Audits Independence

The IESBA discussed the significant comments received from respondents to the Exposure Draft (ED), [\*Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits\*](#), and reviewed a first-read draft incorporating the Task Force’s proposed revisions to respond to the feedback from the respondents. Among other matters, the IESBA further considered the proposed revisions to the Code’s definition of “engagement team” and the related terms “audit team,” “assurance team” and “review team” arising from the change in the definition of “engagement team” in the IAASB’s Quality Management standards; and the scope and extent of independence requirements in a group audit context, including responsibilities for a component auditor firm and individuals in a component auditor firm outside the group auditor firm’s network.

The IESBA will review a revised draft of the proposed text with a view to approving the final pronouncement at its November-December 2022 meeting.

## Technology Project

The IESBA reviewed a full analysis of the significant comments received from respondents to the ED, [Proposed Technology-related Revisions to the Code](#), and the Task Force's proposed revisions to the text in the ED. Among other matters, the IESBA provided input on the Task Force's proposals, including the addition of "interpersonal, communication and organizational skills" to the description of the fundamental principle of professional competence and due care to emphasize the professional skills that professional accountants need; the inclusion of an explicit prompt in the Code for professional accountants to secure confidential information in the entire data governance cycle (i.e., from data generation or collection through to its use, transfer, storage, dissemination and lawful destruction); the guidance to highlight complexity as a factor when applying the conceptual framework; considerations to help professional accountants identify threats that might arise when they rely on the output from technology; the prohibition on firms to provide hosting services to audit clients; and the inclusion of an explicit prompt in the Code to remind firms to consider the relevance of the non-assurance services (NAS) provisions in Section 600 when technology is provided, sold, resold, or licensed by a firm or a network firm to an audit client.

The IESBA will review a revised draft of the revisions to the ED at its November-December 2022 meeting with a view to final approval.

## Strategy and Work Plan 2024-2027 (SWP)

The IESBA discussed the significant comments raised by respondents to the [Strategy and Work Plan 2024-2027 Survey](#), and provided input to the IESBA Planning Committee to inform the development of the SWP Consultation Paper. Among other matters, the IESBA noted respondents' support for the four strategic focus areas set out in the survey, particularly with respect to its strategic focus on standard-setting relating to sustainability reporting and assurance. In addition, the IESBA considered its discussions on the sustainability workstream, the input from survey respondents on potential projects outlined in the survey, and the Technology Working Group's final report in reflecting on how it might approach the prioritization of its standard-setting projects and other initiatives in the new strategy period.

The IESBA will discuss a first draft of its SWP Consultation Paper at its November-December 2022 meeting.

## Emerging Issues and Outreach Committee (EIOC)

Following an initial update at its June 2022 meeting, the IESBA considered a further briefing on the status of the European Union's consultation on corporate reporting reform and the UK Business, Energy and Industrial Strategy (BEIS) department's consultation on audit market reforms in the UK.

In addition, the IESBA provided input on a draft IESBA Staff Alert that highlights a number of important ethics, including independence, considerations for PAIBs and PAPPs under the Code as they undertake professional activities or provide professional services in circumstances that may be impacted by the Russia-Ukraine war. The Staff Alert was issued on October 3, 2022 and is available on the [IESBA's website](#).

The IESBA will consider its next EIOC update at its November-December 2022 meeting.

## Rollout of Revised Public Interest Entity (PIE) Definition

The IESBA considered an update on the rollout activities related to the revised definition of “public interest entity” in the Code, the [final pronouncement](#) for which was released in April 2022. Among other matters, the IESBA noted the progress of the draft Staff Q&A publication and other implementation support materials, including a jurisdictional PIE database, being developed. The IESBA also noted two global panel discussions arranged for Q4 2022 that will provide IESBA representatives the opportunity to engage with key stakeholders, including regulators, professional accountancy organizations and national standard setters by providing a forum for peer-to-peer discussions and learning opportunities relating to the adoption and implementation of the revised PIE definition and related provisions in the Code.

In addition, the IESBA considered the latest IESBA-IAASB coordination activities in relation to the IAASB’s project to develop [narrow scope amendments to operationalize changes to the IESBA Code that enhance transparency about independence](#).

The IESBA will consider another update on the PIE rollout activities at its November-December 2022 meeting.

## Next Meeting

The next IESBA meeting is scheduled for November 1, 2022, to be held in a virtual format.