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International Ethics Standards Board for Accountants  
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Bodo Richardt  
President

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Brussels, 13 July 2018

Dear Sir or Madam,

**Response to the International Ethics Standards Board for Accountants (IESBA) Consultation Paper, Proposed Strategy and Work Plan, 2019-2023**

The European Federation of Accountants and Auditors for SMEs (“EFAA”) represents accountants and auditors providing professional services primarily to small and medium-sized entities (“SMEs”) both within the European Union and Europe as a whole. Constituents are mainly small practitioners (“SMPs”), including a significant number of sole practitioners. EFAA’s members, therefore, are SMEs themselves, and provide a range of professional services (e.g. audit, accounting, bookkeeping, tax and business advice) to SMEs. EFAA represents 16 national accounting, auditing and tax advisor organisations with more than 370,000 individual members.

EFAA is pleased to provide its comments to the Consultation Paper (CP), [Proposed Strategy and Work Plan, 2019-2023](#) which have been prepared with input from our Assurance Expert Group chaired by our Director [Paul Thompson](#). We commend the IESBA on a well presented and reader friendly document. Below you will find ‘General Observations’ and our responses to the specific questions posed in the CP.

**General Observations**

We broadly concur with the form and content of the Proposed Strategy and Work Plan, 2019-2023, which closely mirrors [our response](#) to the IESBA’s 2017 strategy survey. We do, however, question the need for projects on materiality and documentation, and the changes to the Code of Ethics for Professional Accountants (the Code) this may trigger, and would prefer instead that the resources be directed at the other activities.

**Specific Questions**

**Q1. 1. Do you agree with the proposed criteria for the IESBA to determine its actions and priorities over the strategy period?**

*We agree.*

*If we were to add a criterion or sub-criterion, we would strongly suggest the need to pursue scalable solutions so that accountants working in or as SMPs and SMEs are able to efficiently apply the Code.*

**Q2. Do you support the actions that have been identified with respect to each strategic theme? If not, please explain why.**

*We broadly support the actions.*

*As we state above under 'General Observations' we broadly concur with the form and content of the Proposed Strategy and Work Plan, 2019-2023, which closely mirrors our response to the IESBA's 2017 strategy survey. In our response, which reflects our current position, we ranked our top two projects, each with 'high priority' 'trends and developments in technology and innovation' and 'post-implementation review of the restructured Code'. We did not include materiality and documentation in our top 6 ranking. Accordingly, we continue to question the need for these projects and would prefer instead that the resources be directed at the other proposed new activities.*

**Q3. Recognizing that this proposed SWP is ambitious, do you believe the IESBA should accelerate or defer any particular work stream(s)? If so, please explain why.**

*As stated above in our response to Q2 we question the need for projects on materiality and documentation.*

*We encourage the IESBA to intensify and fast track efforts to speed up adoption and implementation of the Code. We especially welcome the activities described in Paragraph 76 in support of adoption and implementation, especially 'Pursuing a proactive stakeholder outreach agenda, including consideration of stakeholder feedback on the implementation of the restructured Code'. SMPs, SMEs, smaller regulatory bodies, smaller professional accountancy organizations (PAOs), are less involved in the development of ethical standards - few if any IESBA or IESBA CAG members, technical advisors and staff hail from these organizations - or providing input to public consultations. This needs to be rectified through proactively getting rather than passively waiting for input as well as offering other new and innovative ways of participating other than formal responses to consultations (e.g., micro surveys, focus groups). Implementation guidance is also welcome especially that directed at PAOs that advises best practice steps to help educate and train professional accountants and support mechanism such as mentioned above re. pressure.*

**Q4. Do you have comments on any other matters addressed in this consultation paper or any significant matters not covered in this consultation paper that you believe the IESBA should address?**

*We encourage the IESBA to consider how they can support and complement IFAC activities directed at protecting and enhancing the reputation of the profession and its key services including audit, including its valuable role in promoting sustainable growth and combating fraud and corruption. EFAA [research](#) has also revealed that professional accountants can come under immense pressure and therefore highly value the opportunity to consult. The IESBA might wish to consider guidance to PAOs and local regulators on how this can be done cost effectively.*

I trust that the above is clear. However, should you have any questions, please contact me any time.

Yours faithfully,



Bodo Richardt

President