

Mr. Ken Siong
International Ethics Standards Board for Accountants
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

28 February 2014

Dear Mr. Siong:

Proposed IESBA Strategy and Work Plan 2014-2018

We are pleased to comment on the proposed IESBA Strategy and Work Plan (“SWP”) for the four year period 2014 through 2018.

We welcome the opportunity to contribute to the further development of the IESBA Code of Ethics for Professional Accountants (the “Code”) and we continue to support robust ethics standards that will reinforce the integrity and objectivity of auditors worldwide. We view the Code to be of fundamental importance to the future of the accounting profession and the benchmark for ethics and independence standards across the profession. We note that, even in those jurisdictions where legislative proposals diverge significantly from the provisions of the Code, the Code remains an important contribution to the debate and continues to influence the outcome. Accordingly, we are particularly supportive of efforts that the Board will undertake to maintain and increase the stature of the Code and its credibility, particularly amongst local regulators. We also believe it is in the public interest for the robustness of the Code to be better appreciated and for the Code to be better understood to allow for consistent application, and we encourage the Board to focus its attentions on activities to achieve these objectives.

Four specific topics were identified in “Section IV Guide for Respondents” on which the Board particularly welcomed respondents’ views and we have organized our response accordingly. Our comments are set out below.

(a) Do you support the four work streams the Board added to its SWP in 2012, i.e., Long Association, Non-Assurance Services, Review of Part C, and Structure of the Code (See Section II)? If not, please explain why.

We are generally supportive of the four work streams added by the Board to its SWP in 2012. As we expressed in our responses to the Long Association and Rotation questionnaire circulated last year, we believe the existing provisions in the Code provide appropriate and necessary protection against such threats, although we acknowledge that there may be discreet areas that could be enhanced. Similarly, we believe the existing non-assurance services provisions of the Code are generally in line with regulator expectations and are scoped appropriately. However, we do see merit in revisiting the management function content in the Code for enhanced clarity and reconsidering the emergency situations provisions of the Code related to bookkeeping services. We agree with the overall objective of the Part C project and

believe it is worthwhile to review this section to ensure that its provisions continue to be appropriate and robust. However, as stated in the introduction above, we believe resources and energy should primarily be focused on activities that will maintain and raise the stature and credibility of the Code. In this regard, we view the project on Structure of the Code as being particularly important and one that could significantly increase the Code's robustness and profile as the common benchmark in the profession. However, we urge the Board not underestimate the effort and resources needed to complete this project particularly as we view it as a project that should be completed with some urgency.

(b) Are the strategic themes identified for the period 2014-2018 appropriate? If not, please explain why.

We agree with the strategic themes identified for the period 2014-2018, but would like to emphasize the relative importance we see in efforts to increase engagement and cooperation with key stakeholders particularly from regulatory and national standard setting communities and in promoting and facilitating the adoption and effective implementation of the Code, which we see as linked. We believe a strong focus should be directed at promoting the Code and raising awareness of its robustness amongst stakeholders, mainly the national and regional regulatory and auditor oversight bodies as well as understanding their intentions to adopt the Code without substantial changes. The global regulatory environment continues to be highly dynamic and we find many of the same issues under debate in different countries. As a result, there is a heightened risk of regulatory inconsistency on independence matters, and mitigating such risk should be considered of the highest priority in the SWP of the Board.

To mitigate such risk, we suggest the Board engage regulators in a dialogue on their expectations and requirements and then refine the SWP to achieve the shared goals defined together with regulators. We also believe the Board should continue to engage with regulators and other key stakeholders on issues around the usability and ease of application of Code to help inform the project on Structure of the Code. We also urge the Board to continue close coordination with the IAASB which will aid effective alignment of the Code with the ISAs.

We would also like to reiterate a point we raised in our response to the 2010-2012 SWP. We believe that the IESBA should also consider providing a more formal process by which member bodies can consult with the IESBA on practical issues and matters of interpretation that they may be encountering during adoption and implementation. This would help ensure that the Code is properly understood and interpreted by member bodies and would facilitate consistent implementation of the IESBA Code across different jurisdictions.

(c) Are the actions identified with respect to each strategic theme, and their relative prioritizations, appropriate? If not, please explain why?

As mentioned above, although we generally agree with the strategic themes proposed by the Board, we encourage the Board to make efforts designed to raise awareness of the Code and increase the Code's credibility its top priority. We believe outreach to local regulators and efforts to restructure the Code to aid understanding and implementation should be of prime focus.

(d) Are there any actions not included in the proposed SWP that you believe the Board should consider for the 2014-2018 period? If so, please explain why, and indicate which actions identified in the proposed SWP should be displaced (i.e., deferred or eliminated).

We cannot identify any actions not included in the proposed SWP at this time, however we recognize the importance of the strategic theme “Evolving the Code for continued relevance in a changing global environment” and believe it is of utmost importance that the Board be flexible and responsive to emerging issues which may require the Board to deploy or redirect resources to address a particular issue or undertake a previously unidentified project in light of external developments.

We would be pleased to discuss our comments with members of the International Ethics Standards Board or its staff. If you wish to do so, please contact Bob Franchini (+39-02-7221 2014) or Susan Nee (+44(0)207 980 0877).

Yours sincerely,

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