

## 2. (untitled)

**1. From which perspective are you providing this feedback? [\* Required where indicated]**

Other, please specify:: Regional grouping focused on SMPs and SMEs

**Please provide the following contact information:**

**First Name**

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**Job Title/Role**

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**Organization Name (if applicable)**

European Federation of Accountants and Auditors for SMEs (EFAA)

**2. In which country or jurisdiction do you or your organization work or serve? (If international, please indicate so; if a region of the world, please indicate which region)**

*If country, please select country?*

**OR if a region of the world, please indicate which region:**

Europe

**OR if international, please indicate by ticking the box:**

## 3. (untitled)

**B.1 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?**

High Priority: This topic should be given the highest priority since technology and innovation stand to have a profound and uncertain impact on the profession. These impacts extend to all aspects of the way clients operate as well as the work of professional accountants from audit / assurance through to advisory. That said the IESBA should as a normal course of operation be alert to any trends that stand to affect the work of professional accountants.

**B.2 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?**

Medium Priority: Where it is appropriate and necessary, the Code should take into consideration emerging and newer models of service delivery and thus be aligned accordingly. There are interrelationships between emerging and newer models of service delivery and trends and developments in technology and

innovation: the latter have tended to create the opportunity for the former. There are 3 dimensions: 1. absorbing entities 2. outsourcing 3. scalability.

***B.3 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

Medium Priority: The SMP community is concerned that the independence requirements are increasingly disproportionate in those circumstances where audit and review services are provided to small entities that fall within the PIE definition. It's important to eliminate differences in application of requirements, especially in relation to EU audit regulation and ISAs, and ensure IESBA Code of Ethics requirements do not go beyond the EU audit regulation.

***B.4 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

Low Priority. Relatively low relevance to SMPs and SME clients.

***B.5 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

Low Priority: Profession has suffered reputational damage from involvement of professionals in Base Erosion and Profit Shifting (BEPS) transactions that have been executed mostly by specialized tax firms and big audit companies. Enhanced promotion of the Code to business and society should help renew reputation of the profession. However, regulators, with profession's input, need to focus first and foremost on closing loopholes rather than revising Code of Ethics. Ethical aspects would make tax advice more complicated and legal certainty would decrease.

***B.6 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

Low Priority: The materiality concept comes from IASB and IAASB standards. The Code should stress significance.

***B.7 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

Medium Priority: Frequent and transparent dialogue between PAs and TCWG is to be promoted. While most SMEs have same management and TCWG SMPs struggle when auditing subsidiaries whose parent is domiciled overseas and decision makers rather are based in the parent than in the subsidiary.

***B.8 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

Low Priority: A general documentation requirement would be contradictory to a principles' based Code.

***B.9 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

Low Priority: There is little if any need to address this topic further in the Code.

**4. (untitled)**

***B.10 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

Low Priority: There is little if any need to address this topic in the Code.

***B.11 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

Low Priority: There is little if any need to address this topic in the Code.

***B.12 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

High Priority: As with B.1 this should be an important, but normal and ongoing, part of operating and maintaining a high-quality Code. Assessment of whether the comprehensive restructuring project achieved its objectives (increase usability and understandability of the Code) is required. This review should focus on whether or not the Code more accessible, understandable and clear to SMPs.

***B.13 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?***

Low Priority: While we wish to stress that the sustainability of the SME sector is in the public interest we see little value in such a project.

***Are there any trends, developments or issues not otherwise covered in this section that you would rank in your top six priorities? If so, please explain why.***

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 (see [http://www.efaa.com/cms/upload/efaa\\_files/pdf/Publications/Articles/20161221\\_EFAA\\_Pressure\\_Survey.pdf](http://www.efaa.com/cms/upload/efaa_files/pdf/Publications/Articles/20161221_EFAA_Pressure_Survey.pdf)) has also revealed that professional accountants are under immense pressure. Professional accountants value the opportunity to consult. The IESBA might wish to consider brief guidance to PAOs and local regulators on how this can be done cost effectively.

***Please rank your top six priorities among items B.1 to B.13 above (1 being highest and 6 being lowest).***

1. B.1 Trends and developments in technology and innovation
2. B.12 Post-implementation review of the restructured Code
3. B.2 Emerging or newer models of service delivery
4. B.3 Concepts of "public interest entity" and "listed entity"
5. B.7 Communication with those charged with governance

**5. (untitled)**

***C.1 Do you have any comments on any of the above activities or initiatives? In particular, do you believe any of them should not be a strategic priority for the IESBA and, if so, why? Please be as specific as possible.***

We see the aforementioned activities as helpful. We especially welcome 'Pursuing a proactive stakeholder outreach agenda, including consideration of stakeholder feedback on the implementation of the restructured Code'. SMPs, SMEs, smaller regulators bodies, smaller professional accountancy organisations (PAOs), are rarely involved in developing ethical standards (few members, technical advisors and staff supporting, on the IESBA and its CAG) 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.

***C.2 Are there any specific activities or initiatives you believe the IESBA should undertake to promote further adoption and more effective implementation of***

***the Code? If so, please explain why.***

Please see above.

6. (untitled)

***D.1 Are there any particular matters you believe the IESBA should consider in relation to any one of these pre-existing commitments? Please be as specific as possible and explain your reasoning.***

Post implementation reviews need to focus on SMP / SME impact. This may demand proactively getting feedback as well as offering new innovative ways to provide input to review.

7. (untitled)

## **Section E: Any Other Strategic Matters**

***E.1 Are there any other matters of strategic importance not covered elsewhere in this survey or your earlier responses that you believe the IESBA should consider as it positions the Code for 2025? Please be as specific as possible.***

We struggled to find six matters (we have just five) that should be addressed by the IESBA as their seems to be little if anything that urgently needs addressing. We are also concerned that SMPs struggle to keep up with a constant flow of changes so hope to see some stability in the Code for the coming 3-5 years.

Professional accountants need time to digest the changes and properly implement them in their firms or employing organisations. The IFAC SMP-survey has identified "keeping up with regulation and standards" one of the main issues SMPs suffer from. Few bigger changes are easier to handle for SMPs than frequent smaller changes. We would therefore ask for having selected, highly beneficial and elaborated projects rather than changes in lots of areas. The same is true for PAOs and local regulators as most of them need to first translate the changes before they can start to adopt and implement them. an oversight authority. With few new projects the IESBA will have the capacity to invest more effort in process improvements, promotional activities, and outreach to smaller PAOs, countries, firms etc. and have the capacity to respond quickly and effectively to emerging issues.

8. (untitled)

**3. Please confirm that you have completed all your responses?**

Yes