

BY E-MAIL ONLY

International Ethics Standards Board for Accountants

To: Mr. Stavros Thomadakis (Chair)

529 Fifth Avenue

New York

10017 USA

Email: StavrosThomadakis@ethicsboard.org

Date: 24 July 2018

Subject: COMMENTS ON THE IESBA PROPOSED STRATEGY AND WORK PLAN, 2019-2023

Dear Mr. Thomadakis,

1. The International Forum of Independent Audit Regulators (IFIAR) appreciates the opportunity to comment on the International Ethics Standards Board for Accountants (IESBA) request for input on its proposed strategy and work plan, 2019-2023. As an international organisation of independent audit oversight regulators that share the goal of serving the public interest and enhancing investor protection, IFIAR is committed to improving audit quality globally through the promotion of high-quality auditing and professional standards, as well as other pronouncements and statements.
2. IFIAR's objectives are as follows:
 - Sharing knowledge of the audit market environment and practical experience of independent audit regulatory activity, with a focus on inspections of auditors and audit firms.
 - Promoting collaboration and consistency in regulatory activity.
 - Initiating and leading dialogue with other policy-makers and organisations that have an interest in audit quality.
 - Forming common and consistent views or positions on matters of importance to its members, while taking into account the legal mandates and missions of individual members.
3. The comments we provide in this letter reflect the views expressed by many, but not necessarily all, of the members of IFIAR. However, the comments are not intended to include, or reflect, all of the views that might be provided by individual members on behalf of their respective organisation.
4. Where we did not comment on certain specific matters this should not be interpreted as either approval or disapproval by IFIAR.
5. The IESBA Code of Ethics (the Code) is used by some IFIAR members, but not by all of them. Moreover, a number of audit firms have voluntarily committed to complying with the Code. As a

result, IFIAR has an interest in enhancing the quality, clarity and enforceability of the Code, even though existing ethical rules or provisions in force at national level supersede those of the Code on certain aspects.

6. As audit regulators, we believe that the Code should be clear and enforceable and allow for audits to be performed on a consistent basis. The Code should incorporate provisions required to ensure appropriate and consistent auditor behaviour: this means, for IESBA, to articulate clear ethical principles and supporting ethical provisions, along with clearly linked requirements, to promote better ethical behaviours and outcomes.
7. Regarding the proposals included in the consultation, we would like to draw IESBA's attention to the importance of the outcomes expected in the Code and to the need for emphasis on some key aspects on which specific importance needs to be placed.

Outcomes/Deliverables

8. IESBA should remain committed, whenever possible without impeding quality, to projects being finalized within the expected time frame. Moreover, as transparency in the process of adoption of new standards remains a key point, we would appreciate accordingly to be informed of any change of priorities and/or timeline in the case where the work plan is amended.

Public interest

9. We support focus on the public interest, including the needs of investors, in setting ethical standards. This shall contribute to enhancing confidence in the audit profession and thereby public trust in financial statements.

Non-audit services

10. We welcome IESBA's work on stronger requirements in the Code for non-audit services provided to audit clients, in line with some of our previous comments (for example, see our comment letter regarding "Proposed Revisions Pertaining to Safeguards in the Code - Phase 2"). We are of the view that such requirements should be responsive to the rapid changes in the types of non-audit services the auditor might wish or might be requested to provide, which we will continue to monitor.

Technological developments

11. We concur with the need to ensure standards are adaptable to a rapidly changing environment, since current major trends in technological developments strongly impact the way audit engagements are -and will be- performed. In this respect, we agree that IESBA should explore the issues that these developments are likely to generate on audit engagements and their ethical implications before

assessing whether and how to address them in professional ethical standards for auditors. The high speed of technological developments underlines the importance of this analysis being conducted in a timely manner.

Key concepts and terms

12. We believe some key concepts and terms need to be further specified in the Code, especially the concept of materiality and of “Public Interest Entities”. Addressing these topics should help clarifying situations where ethical questions remain open.

Coordination with other standards-setting boards/Outreach to stakeholders

13. Coordination between standards-setting boards on topics of mutual interest will help avoid inconsistent approaches. In particular, we encourage a strong cooperation with IAASB to address overlapping strategic topics in an efficient and consistent way. Professional scepticism, technological developments and emerging/newer models of service delivery are key projects where such coordination will be particularly important.
14. In this context, we encourage IESBA to continue to work closely with all relevant stakeholders to develop ethical standards which prove to remain adapted to the evolution of transforming businesses and to further developments of audit standards.

Taking into consideration the Monitoring Group’s consultation

15. Finally, we believe that the IESBA strategy and work plan for the coming period should remain flexible in order to adapt to any evolution in operations of IESBA arising from the Monitoring Group’s current consultation.

Should you wish to discuss any of our comments, please do not hesitate to contact me or Marjolein Doblado, Chair of the IFIAR Standards Coordination Working Group.

Yours Faithfully,



Brian Hunt
IFIAR Chair

Cc: Frank Schneider, Vice Chair,
Marjolein Doblado, SCWG Chair,
Carl Renner, Executive Director