



National Association of State Boards of Accountancy

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July 7, 2022

International Ethics Standards Board for Accountants (IESBA)
529 Fifth Avenue, 6th Floor
New York, NY 10017

Via Website: www.ethicsboard.org

Re: *IESBA Strategic Survey 2022*

Dear IESBA Members and Staff:

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to comment on the *IESBA Strategic Survey 2022* (Survey). NASBA's mission is to enhance the effectiveness and advance the common interests of Boards of Accountancy (State Boards) that regulate all Certified Public Accountants (CPAs) and their firms in the United States and its territories, which includes all audit, attest and other services provided by CPAs. State Boards are charged by law with protecting the public.

In furtherance of that objective, NASBA supports the four broad strategic focus areas that should set direction and priorities for IESBA's strategy and workplan. In addition, NASBA offers the following comments specifically related to sustainability reporting referenced in the Survey.

Response on Section B – Question 2

Do you believe the IESBA should explore the concept of expanding the scope of the Code to cover assurance service providers other than PAPPs? What preconditions would need to be in place and what potential challenges or drawbacks do you foresee if the Code's provisions were scoped to the nature of the assurance services provided as opposed to who is providing the assurance services?

Globally, there is a significant amount of activity among standards-setters in the realm of sustainability and climate reporting. Recently, the United States Securities and Exchange Commission (SEC) issued a due process document seeking feedback in the area of climate reporting. It left open the issue of whether non-CPAs in the United States would be permitted to provide required attestations over climate-related information. Given the global reach of many companies we are concerned that different answers for the same or essentially similar issues may evolve.

We agree that there is a need to better define the framework for assurance over sustainability and climate information, including ethics standards and general regulatory oversight. We recommend that the IESBA carefully coordinate with the activities of other standard-setters around the world in this area as it provides an opportunity for harmonization among standard setters, which is in the public interest.

When considering the current and ongoing projects regarding sustainability reporting, a primary concern is understanding the individuals or organizations that can provide the attestation services.

The public accounting and auditing profession in the United States has professional standards, systems of quality management, and independence requirements in place to position CPAs and CPA firms to provide attestation services. Such professional standards typically result from extensive due process procedures which include broad distribution of the standards and framework for public comment. We believe permitting non-CPAs who are not subject to standards resulting from such public due process procedures to provide attestation services is not in the public interest.

When considering whether to expand the scope of the Code to cover assurance service providers other than PAPPs, the question of enforcement and discipline also comes into play. What authority, if any, would regulators have to exert discipline? In addition, for United States jurisdictions, when you introduce non-CPAs using ISO standards which are not fully aligned with IAASB/IESBA standards, there will likely be inconsistencies related to independence, quality management and regulatory discipline.

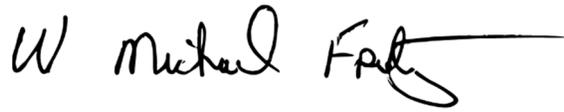
For United States jurisdictions, virtually none of the State Boards allow non-CPAs to perform attestation services or issue reports under the United States professional standards governing the public accounting and auditing profession. Further, as noted above, the SEC has not yet stated if non-CPAs will be allowed to provide sustainability reports (noting the large bulk is and can expected to be related to public companies).

If non-PAPPs are permitted to perform attestation services and issue attestation reports, we believe regulations must be developed to build the intellectual infrastructure, including independence requirements, quality management systems and oversight consistent with the professional standards governing the public accounting and auditing profession. Ample time will be needed to appropriately train both PAPPs and non-PAPPs regardless of whether the IESBA Code has an expanded reach.

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We appreciate the opportunity to comment on the Survey.

Very truly yours,

Handwritten signature of W. Michael Fritz in black ink.

W. Michael Fritz, CPA
NASBA Chair

Handwritten signature of Ken L. Bishop in black ink.

Ken L. Bishop
NASBA President and CEO