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Ken Siong
Technical Director
International Ethics Standards Board for
Accountants (IESBA)
529 Fifth Avenue, 6th Floor
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Our ref SRA/288

16 July 2018

Dear Mr Siong

Consultation Paper: Proposed Strategy and Work Plan, 2019-2023

We appreciate the opportunity to comment on the above Consultation Paper issued by the International Ethics Standards Board for Accountants (IESBA or the Board). We have consulted with, and this letter represents the views of, the KPMG network.

Our overarching comments are set out below. The appendix to this letter provides our responses to the specific questions posed in the Consultation Paper.

Overall, we are supportive of the Board's proposed Strategy and Work Plan (SWP) identified for 2019-2023. It is evident that in developing the proposed SWP, the Board was responsive to the need for standard setting to be in the public interest, relevant and timely, and for enhanced coordination with other standard-setting boards.

We continue to note the following two overarching themes which we consider to be the top priority for the Board for 2019 - 2023:

1. **International convergence of ethics standards and global consistency** – Promoting global adoption and implementation of the restructured Code is in the public interest. In this regard, we believe re-examination of the definition of a public interest entity (PIE), including the definition of a listed entity, would help to reach a higher level of convergence in an evolving environment. We, likewise, continue to encourage more effective two-way engagement with regulators and national standard setters to help facilitate understanding of views and needs and move closer towards international adoption of the Code.
2. **Relevance of the Code in an evolving global environment** – We believe the Trends and Developments in Technology and Emerging or Newer Models of

Service Delivery work streams need to be given priority to allow conclusions to be formed while still relevant to the current landscape.

Please contact Sheri Anderson on +44 (0)20 7694 8871 if you wish to discuss any of the issues raised in this letter.

Yours sincerely

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Appendix A: Responses to Specific Questions

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

In general, we do agree with the proposed criteria for the IESBA to determine its actions, noting the difficulty of defining “public interest.” We acknowledge that a due process that allows for multi-stakeholder consultation early on is important.

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

In general, we do support the actions identified with respect to each strategic theme.

3. 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.

We believe that Trends and Developments in Technology and Emerging or Newer Models of Service Delivery should be prioritised, and agree with the Board’s decision to have moved forward in Q1 2018 with a working group related to technological trends. We also consider the Definitions of Public Interest Entity and Listed Entity project to be a higher priority and would support acceleration from the proposed Q2 2021 timing.

We consider the projects related to Materiality and Documentation to be lower priority and present the potential for deferment, given the established body of guidance for these topics.

We further suggest, given the expectation that the NAS and Fee-related matters projects will include consideration of disclosures to those charged with governance (TCWG), that these pre-commitment projects would likely reduce the urgency for a separate project on the topic of Communication with TCWG.

In light of the proposed commencement date of the long association (LA) post-implementation review preceding the end date of the transitional provision for the effective date of the LA provisions, we recommend that the rate of adoption of, and compliance with, the LA provisions be covered by the IFAC Member Compliance Program, using a similar timeline as that proposed in the SWP. Any progress, challenges and insights could serve as inputs for a future project on post-implementation of the LA provision.

4. 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 emphasise our support for the Board to pursue cooperation opportunities with a wider range of stakeholders, in particular regulators, to further the global adoption of the Code. Projects to further consistency, such as the Definitions of Public Interest Entity and Listed Entity, are considered key to this pursuit.

In considering the proposed actions for the Trends and Developments in Technology work stream, we note the focus to be on the Professional Accountant in Public Practice. We believe the project should include activities related to understanding how these trends impact the Professional Accountant in Business (PAIB) as well. The need for the PAIB to adhere to the Code and incorporate ethics into both the strategic direction of their organisation and daily operation of their work is critical in this rapidly evolving technological age.

Lastly, we agree with the Board's approach to the Tax Planning and Related Services project and the timeline for carrying out the associated fact finding. "Aggressive" tax planning is certainly a public issue – more so in some countries than others – but, as noted in the SWP, there are complexities due to the numerous different legal frameworks. We would add that different cultures also have varying perspectives. We also believe it would be useful as part of the project to initially have good understanding of the various drivers behind companies undertaking tax planning strategies. We agree with the suggestion in the SWP that guidance for tax planning and related services is best dealt with at the "principles level".