

2. (untitled)

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

Representative of an IFAC member body

Please provide the following contact information:

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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:

OR if international, please indicate by ticking the box:

International

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?

Rapid change highlights the strength of a principles-based approach, which can cope with changing circumstances, compared to over-detailed and inflexible rules. We believe that IESBA should maintain an ongoing monitoring role on this topic, perhaps within its emerging issues program. Specific projects should only be established where a particular need to change the existing Code is identified.

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

We do not see merit in the Code becoming an ever-larger handbook of how to apply the principles to specific types of service delivery. The application of the principles does not change and endless task-specific additions will detract from this.

One area that may merit consideration, as the Code already uses 'office' quite specifically, is whether it continues to be relevant to consider the notion of a physical office in determining ethical requirements, given electronic methods of working.

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

We believe this is a high priority item. The equating of PIE with 'listed entity' is a rather inflexible definition for an international code, ignoring the myriad shades of grey that apply around the world in terms of the public importance of both listed and unlisted entities and the relevance or otherwise of size. A principles-based definition would be more appropriate.

Any review should include whether the term PIE is the best one to use, given the frequent confusion that seems to arise between a PIE and the public interest.

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

As with our comments on B2, we do not see an expansion of sections into specific types of audit as being helpful – indeed potentially distracting from the key thought processes needed. Firms auditing CIVs should be able to apply the general principles and independence requirements.

The subject does raise an interesting point that may be worth exploring from a wider independence perspective – that of whether the definition of 'related entity' continues to be fit for purpose.

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

This raises some interesting ethical questions – not so much around the need to develop detailed guidance for tax practitioners, but around a wider ethical question that 'aggressive' tax planning throws up: what are the ethical boundaries of behaviour that is legal but against the spirit of legislation?

ICAEW and other professional bodies in the UK have been considering the issue and prepared guidance on the issue for accountants in the UK. However, as this particular topic is inextricably linked with legislation, we believe that in an international context, IESBA's short term objective should be to follow the debate within the G20 and elsewhere and establish a project only where it is clear that guidance can reflect realistic international intent.

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

The terms materiality and significance reflect slightly different concepts but are both used in the Code, sometimes interchangeably. There is some scope for confusion. We believe it to be a reasonably high priority to sort this out, though caution against over-complication: detailed definitions will be counter-productive. Brief descriptions and consistent application will be appropriate.

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

Communication with TCWG is not a safeguard in itself and is therefore a transparency add-on rather than an integral part of the principles based threats and safeguards approach. There is a risk that adding ever more information to that which needs to be communicated to TCWG will detract from their ability to operate effectively. In our opinion such communication is already referred to adequately in the Code.

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

We do not believe that the Code should be directly concerned with monitoring and enforcement. It is and should be about ethical behaviour. The current general line that documentation is encouraged in the accountant's own interest and to facilitate thought, is an appropriate one. Tightening up on documentation is a regulatory issue, not one for the IESBA Code.

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

One of the strengths of extant Part C is that it remains relatively principles based. The threat is relevant in a PAIB context. However, short of recommending that PAIBs change employers every few years (which is unlikely to be popular or practical), it is a threat to be borne in mind when undertaking professional judgment, rather than extinguished. We do not see that further discussion of the familiarity threat is likely to be helpful in the context of PAIBs.

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?

Breaches and the consequences of them are primarily a regulatory matter: the Code should be about the ethical behaviour that should be adopted. The Code already includes brief guidance on steps that might be appropriate to mitigate a breach and that is reasonable to avoid over-reaction, but we do not believe further time spent on this would be useful.

From a wider perspective, analysis of root causes of ethical breaches is a topic that give useful pointers to how ethical codes should be constructed, and IESBA could usefully contribute to this.

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

This would seem to be a useful tidying up exercise (though should be no more than that). It is useful to have consistency between boards (though interaction with IAASB does need to recognise the difference in scope of the ISAs and the Code). The project should focus on the substance of meanings rather than over-detailed definitions (for example, an 'employee' is clearly intended to be someone who in fact or in substance, works for someone else).

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

Any significant change to the Code should be subject to a post implementation review and the structure project will result in the most significant change for a decade. This is clear a high priority item, though by its nature not one which should be undertaken for at least three years.

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

This is significant: IESBA spends much time amending detail, but little on the core foundations of the Code. We are not suggesting that IESBA should seek to define the public interest but we are aware from our own experience (the 'MG Rover disciplinary case') that what the implications of the profession's public interest commitment are for individual accountants, is not entirely clear from the Code. There is scope for something like the audit expectation gap to emerge. If misunderstood, the consequences could be very significant.

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.

Please rank your top six priorities among items B.1 to B.13 above (1 being

highest and 6 being lowest).

1. B.13 Meaning of public interest in the global context
2. B.3 Concepts of “public interest entity” and “listed entity”
3. B.12 Post-implementation review of the restructured Code
4. B.11 Definitions and descriptions of terms
5. B.6 Materiality

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 note from completing questionnaires for IFAC in the past that while there seems to be an enthusiasm for understanding what versions of the Code professional bodies have adopted, with what differences, there is less research into why professional bodies might not have adopted the latest version of the Code.

From past discussions with some audit regulators in particular in major jurisdictions around the world, we believe that it is unlikely that those who have their own independence requirements at present would be likely to give these up in favour of the IESBA Code, regardless of how close the Code's detailed requirements are to their own rules. We think discussions with such regulators should focus on their supporting the independence requirements in the IESBA Code for application to international divisions of domestic audits. This is a more realistic outcome than direct adoption by audit regulators, at least in the medium term, and would significantly reduce the complexity of international audits.

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.

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.

Item 5: Professional scepticism – we believe this to be part of a wider issue of ethical attributes that may be needed to comply with the fundamental principles. It should be treated in this context.

Item 7: Alignment of s291 - we noted in our response to Phase 2 of the Structure project that we agree with the decision to issue the restructured part 4B notwithstanding that it does not reflect the revised ISAE3000 – we are not aware that the existing discrepancy has led to problems. Nevertheless, this does look like there is a disconnect with IAASB and the matter should be addressed by IESBA/IAASB as a priority matter.

Item 8: Development of the e-Code – we agree that this is useful work (though primarily for countries which apply the Code in English). From an efficiency perspective, this would seem to be primarily a matter for IFAC and IESBA staff, rather than the Board.

Other: Though not referred to in the table, we note that IESBA is currently considering the applicability of the requirements for PAIBs to PAIPPs. We actually believe that it follows from the principles-based approach that the requirements of the Code should be applied such that any PA would apply a section where it is relevant to the circumstances, regardless of whether they are technically categorised as a PAIPP or a PAIB. Thus any cross-applicability should be in both directions.

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.

8. (untitled)

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

Yes