

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:

First Name

James

Last Name

Barbour

Job Title/Role

Director, Policy Leadership

Email Address

jbarbour@icas.com

Organization Name (if applicable)

ICAS

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?

United Kingdom

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

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?

We believe that IESBA should prioritise this topic. Given the speed of change in recent years, there is undoubtedly a need for IESBA to understand the transformative effects of trends and developments in technology and innovation on the assurance, accounting and finance functions, and explore their ethical implications. We also believe that both IAASB and IAESB should also have a strong interest in this subject matter, therefore this is an area of work that would require appropriate co-ordination amongst the respective boards.

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

We believe that this is a topic closely related to that described at B1 above. We therefore believe it is a topic which IESBA should prioritise.

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 that there is merit in this topic but that it could be considered as part of a wider project on definitions etc as per B.11 below. Where possible increased consistency would be beneficial to the accountancy profession and to stakeholders.

Although we are not able to, we would rate this as a joint 6 in terms of our ranking priorities along with B.10 'Breaches of the Code' and B.11 'Definitions and Descriptions of Terms'. Indeed, we believe it could fall within a sub-set of a larger project on definitions and descriptions of terms.

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

As is noted by IESBA in the background describing this possible initiative, the external environment has evolved since IESBA initially committed to undertaking this project. We do not therefore believe that this topic should be prioritised.

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

In the UK considerable time has been spent developing the 'Professional Conduct in Relation to Taxation' document, and the extant version can be viewed at: https://www.icas.com/__data/assets/pdf_file/0007/266056/20161101-Professional-Conduct-in-Relation-to-Taxation-FINAL.pdf This document applies to professional accountancy bodies but also certain other professionals. However, not all tax advisers have signed up to this. Given the difficulties that will be associated with reaching agreement on this topic on a global basis we are not convinced that it would be a good use of IESBA's scarce resources to undertake work in this political and very finely nuanced debate.

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

We agree that a broader consideration of how the concept of materiality should be applied in the context of the full Code, and not just in relation to NAS, might be needed and might require coordination with the IAASB and the IASB. However, given the level of coordination that would be required and the difficulties thereof, we are not convinced that this topic should be a priority, unless it was also viewed as such by the other boards mentioned.

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

We believe that those charged with governance play a key role in the proper functioning of businesses. That said, we are not convinced that the IESBA Code is the best medium to promote the types of best practice corporate governance procedures that have become the norm in certain jurisdictions. We therefore remain to be convinced that this project should be prioritised.

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

ICAS believes that this is a topic that IESBA should prioritise. The IESBA Code currently only "encourages" professional accountants to document matters. We are not convinced that this is deemed to be sufficient by stakeholders. Behaviour is generally questioned some considerable time after the event and it can therefore be very difficult for individuals to recollect what exactly they did, or did not do, in a certain situation. Documentation can help explain how a decision was made at the time. Further, the actual process of writing something down can help with the formulation of a judgement. Whilst we appreciate that one must be careful not to overly burden the professional accountant with documentation, given the nature of today's society we believe that this is an area worth exploring. We also note that various respondents to

the Structure of the Code project highlighted specific matters in relation to documentation that need to be appropriately considered.

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

We are not convinced that this should be a priority topic for IESBA.

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?

Given the importance of this topic we believe it should be a priority for IESBA.

We have ranked this topic sixth in our list of proposed priorities for IESBA. We would highlight that we would also rank two other projects with the same level of importance as this one but are not able to do so in the scoring table. Those projects are B.3 and B.11.

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

For the purposes of improved consistent application of the Code on a global basis we believe that it should be a priority project for IESBA. We envisage that this would encompass the topic highlighted at B.3 in the IESBA survey.

We would rank this topic joint sixth in our list of proposed priorities for IESBA but are not able to do so in the scoring table. The other projects that we would give the same ranking to are B.3 and B.10.

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

Given the importance of this topic we do believe that this project should be a key priority for IESBA.

We highlighted in our response to the recent Structure of the Code Phase 2 ED that:

"We appreciate the work done by IESBA in relation to the re-structuring of the Code. However, the re-structuring process is complex and it is difficult to appropriately review the proposed changes. This may have led to matters being inadvertently missed. As such, it is suggested that IESBA devise a process so that if significant issues become apparent in the future they can be addressed quickly."

We therefore believe that a post implementation review is an essential feature of helping to ensure the success of this project.

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

Given our comments in relation to the Structure of the Code Phase 2 ED we believe this is a project that should be prioritised by IESBA to seek to provide clarity and consistency to the public interest requirements within the Code. These comments are included below.

"The Public Interest

In our response to 'Improving the Structure of the Code of Ethics for Professional Accountants – Phase 1' we noted the following:

"In terms of clarity, it would be a good opportunity to clarify what the professional accountant's responsibilities are in relation to the public interest. Some firms and others interpret the current text as if it is only the profession as a whole which has a specific responsibility to act in the public interest. However, the content of section 300.2 A6 would imply that the responsibility to act in (and not just consider) applies to the individual professional accountant i.e.

"Leadership of the firm that promotes compliance with the fundamental principles and establishes the expectation that professional accountants will act in the public interest."

We note in the 'Agreed in Principle Text – Improving the Structure of the Code of Ethics for Professional Accountants – Phase 1 and Proposed Revisions Pertaining to Safeguards in the Code – Phase 1' that the sentence above has been amended (now paragraph 300.7 A5) and states the following:

"Leadership of the firm that promotes compliance with the fundamental principles and establishes the expectation that professional accountants assurance team members will act in the public interest. "

We do not believe that this addresses our point above, and also the fundamental issue that it is not clear whether it is only the profession as a whole, rather than the individual professional accountant, which has specific responsibility to act in the public interest.

We further note that in 'Improving the Structure of the Code of Ethics for Professional Accountants – Phase 2' reference to a professional accountant having "responsibility to act in the public interest" is now stated in paragraph 100.1:

"A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. A professional accountant's responsibility is not exclusively to satisfy the needs of an individual client or employing organization. Therefore, the Code contains requirements and application material to enable accountants to meet their responsibility to act in the public interest."

We note that this is also different wording from both the text of paragraph 100.1 of the Extant Code and Structure ED 1:

Paragraph 100.1 Extant Text:

"A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. Therefore, a professional accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer. In acting in the public interest, a professional accountant shall observe and comply with this Code. If a professional accountant is prohibited from complying with certain parts of this Code by law or regulation, the professional accountant shall comply with all other parts of this Code."

Paragraph 100.1 as per Structure ED 1:

"A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. A professional accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer. Therefore, the Code contains requirements and application material for accountants regarding matters that are integral to acting in the public interest."

We also note that in "Improving the Structure of the Code of Ethics for Professional Accountants – Phase 2', reference to a professional accountant having a responsibility to act in the public interest is also reiterated in the first sentence of paragraph R200.5 A3: "All professional accountants have a responsibility to act in the public interest" and in 260.7 A1 "A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest."

Therefore, as per our original observation, we believe this would be a good opportunity to clarify in the Code what the professional accountant's responsibilities are in relation to the public interest."

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 believe that a project on enablers i.e. the underlying characteristics that enable professional accountants to comply with the fundamental principles would fall into this category.

We would highlight that following consideration of the feedback received to our consultation paper on the fundamental principles, ICAS will introduce wording into its Code of Ethics (substantively based on the IESBA Code) later this year. This wording in Section 100.5 of the ICAS Code of Ethics will establish that "Moral Courage" is an enabler which helps CAs to comply with the fundamental principles. We also believe that professional scepticism potentially falls into this category.

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

1. B.12 Post-implementation review of the restructured Code
2. B.1 Trends and developments in technology and innovation
3. B.2 Emerging or newer models of service delivery
4. B.13 Meaning of public interest in the global context
5. B.8 Documentation
6. B.10 Breach of the Code

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 are supportive of the above proposed initiatives.

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.

The key is the outreach to stakeholders. IESBA needs to consider the most effective means of doing this.

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.

In relation to number 2 "Fee related matters" we struggle to see how IESBA will be able to get appropriate and sufficient evidence to allow it to formulate a specific project in this area. We therefore believe that IESBA's scarce resources might be better focussed on assessing changes to the rules on auditors providing non-audit services to audit clients that are taking place across the globe and the potential impact of such on the current requirements in the IESBA Code.

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 would highlight that as per our earlier comments that we believe there would be merit in IESBA undertaking a project on enablers i.e. the underlying characteristics that enable professional accountants to comply with the fundamental principles.

8. (untitled)

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

Yes