International Ethics Standards Board for Accountants®

IESBA Strategy and Work Plan, 2019-2023

IESBA

International Ethics Standards Board for Accountants®

This document was prepared by the Staff of the International Ethics Standards Board for Accountants® (IESBA®).

The IESBA is a global independent standard-setting board. Its objective is to serve the public interest by setting high-quality ethics standards for professional accountants worldwide and by facilitating the convergence of international and national ethics standards, including auditor independence requirements, through the development of a robust, internationally appropriate *Code of Ethics for Professional Accountants.*

BASIS FOR CONCLUSIONS:
IESBA STRATEGY AND WORK PLAN, 2019-2023

This Basis for Conclusions has been prepared by staff of the International Ethics Standards Board for Accountants (IESBA). It relates to, but does not form part of, the IESBA Strategy and Work Plan, 2019-2023 (SWP), which was approved by the IESBA in December 2018 with the affirmative votes of 18 out of 18 IESBA members.

Background

1.   The IESBA commenced the development of its SWP with a formal survey in April 2017 seeking stakeholders' views about issues that they believed the IESBA should address in its next strategy and work plan. In addition to being published on the IESBA website, the survey was distributed to over 500 key contacts within regulatory organizations, member organizations of the IESBA Consultative Advisory Group (CAG), other international and regional organizations, national standard setters (NSS), IFAC member bodies, IFAC boards and committees, and firms, among others. The results of this survey formed the preliminary basis for the IESBA's considerations in developing a consultation paper (CP), which was issued in April 2018.

2.   The comment period for the CP closed on July 16, 2018, with 40 letters received from various respondents, including regulators and audit oversight bodies, national standard setters, IFAC member bodies, firms, and other professional organizations, among others. This Basis for Conclusions explains the more significant issues raised by respondents to the CP and how the IESBA has addressed them in finalizing its SWP.

3.   The IESBA discussed this initiative with its CAG on four separate occasions during the March 2017 – September 2018 period: after the close of the formal survey, prior to the issuance of the CP, and twice prior to the finalization of the SWP.

Direction of Proposed SWP

4.   While respondents provided comments and suggestions on various aspects of the proposed SWP, overall they were very supportive of the direction of the IESBA's future strategy, with many expressing such support explicitly. Several respondents expressly conveyed their support for principles-based standards.

5.   Several respondents voiced support for the IESBA's vision for the Code, i.e., that the Code be:

     A foundation of strong ethical principles, values and standards to underpin trust in the global accountancy profession in a dynamic and uncertain world, and to enable the profession to act in the public interest.

6.   Several respondents also explicitly supported the proposed three strategic themes to guide the IESBA's priorities and actions, i.e.:

     • **Advancing the Code's Relevance and Impact**, through (i) maintaining a global Code fit for purpose in the evolving environment; and (ii) further raising the bar on ethics;

     • **Deepening and Expanding the Code's Influence**, through increasing global adoption and effective implementation of the Code; and

     • **Expanding the IESBA's Perspectives and Inputs**, through proactively engaging and seeking cooperative avenues with stakeholders.

7. In considering the proposed SWP, many respondents made a number of general comments and observations as summarized below.

General Comments and Observations from Respondents

SPEED/TIMELINESS OF STANDARD SETTING

8. A number of respondents emphasized the importance of focusing on the speed or timeliness of standard setting. There was a concern at the apparently long lead times for some projects, and an encouragement for the Board to be more ambitious in its envisaged timescales for identified priorities. There were suggestions to consider addressing identified topics in tandem where possible so that work could be completed more expeditiously, or to develop more agile, responsive processes that would enable identified issues to be addressed more swiftly.

IESBA Decisions

9. The IESBA acknowledged the concerns among respondents regarding the need for timely standard setting. The IESBA noted that timeliness is a criterion in assessing the effectiveness of standard setting and is, therefore, a central consideration in its assessment of priorities and actions. The IESBA, however, observed that timeliness is a function of three key factors among others, namely the nature and complexity of the particular topic, the actual project definition including its scope, and coordination with other standard-setting Boards if needed.

10. Nevertheless, while complexity and due process may not allow the IESBA to bypass elements of process or modify the pace on certain topics, it will seek efficiencies where actions can indeed be achieved in a faster and simpler way. The IESBA has also revisited the indicative time frames for the identified priorities and, for items such as the Technology work stream and the Non-assurance Services (NAS) project, given firmer indication of timelines or accelerated such timelines. In addition, to demonstrate greater responsiveness, the IESBA will seek opportunities to develop application material as opposed to new requirements, or to commission IESBA Staff or other non-authoritative publications where warranted.

PERIOD OF STABILITY FOR THE CODE

11. Several respondents advised the IESBA to minimize further changes to the Code in the near future to allow the revised and restructured Code time to bed down and to provide a period of stability for implementation. Concerns were expressed about standards overload, the need for time for translation and implementation activities, and the potential for continual change to undermine further global adoption of the Code. A few of the respondents suggested that the IESBA instead focus resources on research activities during a period of calm, and place more focus on delivering on the identified pre-commitments.

IESBA Decisions

12. The IESBA had communicated in its April 2017 strategy survey that any new changes to the Code after the completion of the restructuring of the Code will not become effective before June 15, 2020, unless there is an urgent need to respond to new or unforeseen circumstances. This will provide a period of stability of over two years from the date of issuance of the new Code for NSS, IFAC member bodies, firms and professional accountants (PAs) to adopt and implement the revised and restructured Code. The IESBA believes that this provides an adequate period for adoption and

implementation activities without unduly delaying improvements necessary to ensure that the Code remains robust and fit for purpose. The IESBA has made this period of stability clear in the final SWP (see paragraph 2 in the SWP).

SMP/SME CONSIDERATIONS

13. Some respondents highlighted the importance of taking into consideration the unique needs of small and medium practices (SMPs) and small- and medium-sized entities (SMEs). It was in particular suggested that the IESBA take further steps to support liaison with the IFAC SMP Committee to ensure that the IESBA is well informed of, and sensitive to, issues of particular relevance in an SME/SMP environment.

IESBA Decisions

14. The IESBA considers the SMP/SME community as an important constituency as its standards are relevant and applicable to professional accountants who belong to that community. Accordingly, the IESBA has reaffirmed its commitment to continuing the close liaison with the IFAC SMP Committee, and will seek opportunities for engagement with the broader SMP/SME community (see paragraph 31 of the SWP). Such engagement may be through global fora or round tables, and the IESBA's initiatives focused on adoption and implementation of the Code.

STAKEHOLDER ENGAGEMENT AND COOPERATION

15. There was broad support among respondents for the strategic focus on stakeholder engagement and cooperation, including the breadth of stakeholder groups the IESBA has committed to engaging with through outreach. Among other matters, respondents submitted the following specific comments or suggestions:

- The IFAC PAIB Committee noted its willingness to contribute to the IESBA's thinking on PAIB-related matters.

- Suggestions for the IESBA to consider less conventional ways of eliciting feedback from the SMP community on the IESBA proposals, such as through the IFAC Global Knowledge Gateway, micro surveys and focus groups.

- The importance of focusing outreach on G20 and other major jurisdictions that have the capacity to influence other countries to adopt the Code.

- Leveraging all resources available, including those of NSS.

IESBA Decisions

16. The IESBA acknowledged the broad support from respondents for its strategic focus on stakeholder engagement and cooperation. It has committed to engaging proactively with the Forum of Firms, the IFAC SMP Committee, the IFAC PAIB Committee and other relevant committees of IFAC in seeking their inputs and perspectives on relevant projects, work streams or initiatives. The IESBA has also resolved to undertaking the following additional actions throughout the strategy period:

- Seeking to extend and deepen engagement and cooperation with key stakeholders, including NSS, regulators and audit oversight bodies, investors and governance communities, and firms.

- Seeking engagement with the international academic community.

- Speaking out on ethics-related developments that have the potential to lead to greater divergence in standards, and seeking to influence debates towards greater international convergence. (See paragraphs 92-93 of the SWP.)

ADOPTION AND IMPLEMENTATION

17. A number of respondents were of the view that the IESBA should dedicate a particular focus towards adoption and implementation of the Code. Specifically, there was:

- A call for the IESBA to devote a more substantial share of its activities to seeking wider understanding, adoption and effective implementation of its standards.

- A strong encouragement for the IESBA to continue developing adoption and implementation materials, particularly to promote adoption of the revised and restructured Code, including support for professional accountancy organizations, professional accountants in business (PAIBs), SMPs and other practitioners who serve non-public interest entity (PIE) clients.

- Support for the IESBA to dedicate time to understanding and documenting the progress on global adoption and developing specific action plans based on root cause analysis of circumstances preventing adoption.

IESBA Decisions

18. The IESBA agreed with respondents who suggested a strategic focus on promoting greater adoption of the Code. Accordingly, the IESBA has committed to pursuing closer and more comprehensive engagement with NSS and the IFAC Compliance Advisory Panel to understand the progress of global adoption of the Code and, in particular, to promote vigorously adoption of the revised and restructured Code. The IESBA has also committed to seeking endorsement or other support of the new Code by national and international regulatory organizations. In addition, the IESBA will pursue timely completion of the e-Code, which it believes will enhance the reach, visibility, usability and accessibility of the Code (see paragraphs 23-24 of the SWP).

19. With respect to implementation, the IESBA believes that it is important not to blur the line between its primary role as an ethics standard setter for the global accountancy profession and the role it can play in providing implementation support. The IESBA is of the view that there is an opportunity for other organizations, in particular IFAC and NSS, to play a more active and strategic role in this area. In this regard, the IESBA has committed to exploring with IFAC suitable collaborative arrangements on (a) monitoring the implementation of new or revised provisions in the Code around the world, and (b) the development of implementation support resources. This recognizes not only IFAC's unique role and position in influencing adoption and implementation of international standards but also the limits on the IESBA's mandate and capacity in monitoring implementation of its standards around the world and in addressing market needs for implementation support. The IESBA agreed to articulate its strategy for implementation reviews and implementation support in 2019 after consultation with IFAC (see paragraph 25 of the SWP).

STANDARD SETTING BOARD COORDINATION

20. Many respondents expressly supported an enhanced level of strategic and technical coordination with the other SSBs, particularly the International Auditing and Assurance Standards Board (IAASB) and International Accounting Education Standards Board (IAESB), with transparency about the work and status of such efforts. Specific perspectives included:

- A view that there is an urgent need to bring stronger collaboration and coordination between the IAASB and IESBA.

- A suggestion for a more coordinated approach in setting strategic objectives.

- A view that effective collaboration with the IAESB might encourage the involvement of educational institutions to develop ethics training with organizations in their countries.

IESBA Decisions

21. The IESBA acknowledged the respondents' comments as being largely aligned with its previous discussions on the topic as there have been significant efforts over the past two years to strengthen coordination between the two Boards. However, the IESBA noted that while coordination with the IAASB is necessary where warranted, it would be important to respect the independence of the two Boards.

22. The IESBA also recognized that education in support of ethics for professional accountants is critical. Accordingly, the IESBA has committed to proactively pursue coordination with the IAESB (and its successor) on matters of mutual interest (see paragraphs 29 and 91 of the SWP).

Criteria for Determining Actions and Priorities

23. The CP asked respondents whether they agreed with the following criteria underpinning the IESBA's determination of its actions and priorities over the strategy period:

- The benefits to the public interest of undertaking the particular action, including the extent to which the action will:

  o Further enhance public trust in the Code and the global accountancy profession.

  o Further raise the bar on ethics by supporting public interest outcomes, including compliance with the fundamental principles, strengthened auditor independence, increased global adoption and more effective implementation of the Code.

- The pervasiveness of the matter in terms of the extent to which it impacts the global profession.

- The degree of urgency in addressing it, and the potential implications for the public interest if action is not taken or is delayed.

- The global relevance of the particular matter.

- The feasibility of undertaking the action within a realistic timeframe.

24. A large number of respondents agreed with the criteria. A few respondents questioned the validity of the last criterion, noting that if an issue requires action in the public interest, the IESBA should seek to address it in a timely manner, diverting or seeking additional resources if necessary.

25. A few other respondents suggested consideration of the following other criteria:

- Global operability of the particular matter (the issue of disclosure of NOCLAR to an appropriate authority being used as an example of a matter that would not be globally operable because of confidentiality restrictions in law in some jurisdictions).

- Whether there is persuasive evidence that an issue needs to be considered.

- Whether a particular issue is really a matter to be addressed in a Code of Ethics, or more correctly the jurisdiction of local regulators.

- With respect to level of prioritization, the constituency that proposed the new project, and whether the project will result in new guidance or revision to existing guidance.

26. There were also suggestions as to:

- Whether to differentiate between primary and secondary considerations; and

- Carrying out more thorough impact assessments than current practice (such as by implementing policies similar to the European Commission's SME Test, which analyzes the possible effects of EU legislative proposals on SMEs).

IESBA Decisions

27. Given the substantial support from respondents for the proposed criteria, the IESBA resolved to retain them, subject to refining the last criterion as follows to avoid inadvertently conveying the impression that resources are the determinative factor rather than whether a technically sound solution to the issue can be developed within a reasonable period of time:

- The feasibility of an effective outcome within a reasonable timeframe.

28. The IESBA also agreed to explicitly recognize the need for appropriate evidence or analysis of the particular issue (see paragraph 33 of the SWP).

29. The IESBA did not agree with the other suggestions. In particular:

- Global operability can only be assessed once proposed changes to the Code have been clearly articulated following approval of an actual project. In addition, the Code does not override law or regulation.

- The level of prioritization should be determined on the basis of the existing criteria as opposed to who suggested the particular project or whether it might result in new or revised provisions.

- It would not be appropriate to differentiate between primary and secondary considerations as each criterion is important in its own right, notwithstanding the fact that the criterion pertaining to the benefits to the public interest has been given the greatest prominence. In addition, the identification of actions and priorities is a matter of the IESBA's judgment based on consideration of the criteria as a whole.

30. With respect to the suggestion for more thorough impact assessments, the IESBA agreed to explore whether there might be elements of the EC's SME test that might be useful for specific work streams to consider as part of cost-benefit considerations, notwithstanding the fact that impact assessments should also address the broader population of stakeholders. However, the IESBA also recognized that it may not always be possible to carry out detailed impact assessments because some issues arise fundamentally from perceptions, which are directly linked to public trust in the profession and the credibility of the Code.

Proposed Actions and Relative Prioritizations

31. Respondents broadly supported the proposed actions and their relative prioritizations over the 2019-2023 period, in line with the identified strategic themes. Respondents, however, had varied

comments about levels of prioritization for the identified items, or aspects of those items, as summarized below.

Technology

32. Many respondents explicitly supported prioritizing the topic of trends and developments in technology, with several among them suggesting that it be given urgent priority or that the IESBA be timely in its analysis of the implications for the Code.

33. Respondents also made various comments and suggestions regarding this topic, including the following:

- Several of them were of the view that while technology may impact the application of the conceptual framework (CF), there was no evidence that the fundamental principles (FPs) themselves are likely to change. It was noted that the rapid pace of change in fact emphasized the strengths of the principles-based approach to the Code, and that it would be appropriate to apply such an approach in addressing emerging issues relating to technology.

- While the IESBA is in the information gathering phase, it could consider publishing timely non-authoritative material to alert PAs to the potential ethical implications of identified emerging issues, or to provide relevant and practical guidance to them based on the Code's existing provisions.

- Considering the impact of technology trends on other work streams, for example, on the Tax Planning initiative in terms of how the use of technology has affected decisions for tax planning, and on the NAS project in terms of the provision of technology-related NAS to audit clients.

- Any efforts to delve too broadly into technological or service delivery trends within a standard-setting process will not lead to timely or responsive output. Rather, consideration should be given to focusing on identifying two or three emerging issues each year and providing timely, relevant and practical guidance to PAs on the application of FPs to those particular facts and circumstances.

IESBA Decisions

34. The IESBA acknowledged that all the comments from respondents on this topic are relevant and useful, and determined that its Technology Working Group should give them due consideration. The IESBA also acknowledged that the field is vast and there is a risk of pursuing infinite lines of study with no clear outcomes. Accordingly, in finalizing the Terms of Reference for its Technology Working Group, the IESBA determined that the Working Group should take a systematic, phased approach to its work, focusing on four key areas: Artificial Intelligence and Robotic Process Automation; Blockchain, Cryptocurrencies and Initial Coin Offerings; Cyber-crime and Cyber-security; and Data Analytics and Big Data. The IESBA anticipates receiving a report on Phase 1 of the Working Group's work in Q4 2019 (see paragraph 52 of the SWP).

35. Because of the pervasive reach of technology, the IESBA also agreed with respondents to proactively consider the impact of technological developments on its other contemporaneous work streams, and pursue appropriate internal coordination as needed (see paragraph 50 of the SWP). The IESBA also committed to exploring avenues of coordination with the IAASB and IAESB on issues in this area that overlap the remits of the boards (see paragraph 51 of the SWP).

Emerging or Newer Models of Service Delivery

36. As for Technology, some respondents were of the view that the principles-based approach in the Code and the FPs should provide a sound basis for assessing the ethical issues associated with developments in service delivery models. A few suggested that it would be best to issue guidance to illustrate how the CF might be applied in different scenarios. It was also suggested that there would be an opportunity to refresh terminology and examples in the NAS-related sections of the Code, e.g., management responsibilities, internal audit and IT systems services.

IESBA Decisions

37. The IESBA acknowledged the comments from respondents on this topic as largely echoing those on the topic of technology, consistent with the fact that the two topics are closely inter-related. After further deliberation, and given that this work stream is closely related to the Technology work stream, the IESBA determined to consider whether fact finding work from its Technology Working Group can help inform consideration of the priority and scope of, and approach to, this work stream (see paragraphs 54-55 of the SWP).

Definitions of Listed Entity and Public Interest Entity

38. Many respondents explicitly supported prioritizing this topic.

39. Some respondents, however, did not support prioritizing a review of the definition of a PIE. Among other matters, they expressed the view that the current definition provides an appropriate framework for all jurisdictions to develop laws and regulations based on their unique needs, and that there is no compelling reason to make the PIE definition more prescriptive. In particular, it was noted that the question of whether financial institutions should be mandated as PIEs was discussed by the IESBA when the current definition was established in the 2009 Code. At the time, the IESBA had determined that such classification should be the prerogative of national regulators or standard setters given national differences in how the financial services industry is structured, organized, and regulated.

40. With respect to the definition of a listed entity, a few respondents expressed support for the current definition but suggested that the IESBA consider providing guidance to explain the difference between "recognized" and "regulated" exchanges.

41. There was also support for the IESBA to consider the implications of developments in capital markets, including new forms of capital raising such as crowd funding.

IESBA Decisions

42. The IESBA determined on balance that it should pursue the topic and explore whether there would be opportunity to enhance the definition of a PIE in the Code, particularly given new forms of capital raising such as crowd funding and initial coin offerings. The IESBA noted in particular that the PIOB as well as some within the regulatory community, such as the Basel Committee on Banking Supervision and the International Association of Insurance Supervisors, have in the past expressed concerns about the lack of coverage of unlisted financial institutions within the PIE definition. The IESBA, however, noted the importance of maintaining a principles-based approach to the definition and avoiding an overly prescriptive approach that would undermine the Code's global applicability.

43. Regarding the definition of a listed entity, the IESBA believes that the issue of whether there is a difference between "recognized" and "regulated" exchanges might be largely an EU issue as the EU

has determined to scope in only entities listed on regulated exchanges in its definition, thereby excluding entities listed on most secondary markets in that jurisdiction. The IESBA therefore determined to consider the issue further when it launches the initiative. The IESBA expects the need for coordination with the IAASB on this initiative as the listed entity and PIE concepts are also relevant to IAASB standards (see paragraph 64 of the SWP).

Tax Planning and Related Services

44. There was support for prioritizing a project on this topic among several respondents. A few noted that while the FPs (in particular, integrity and professional behavior) should provide adequate guidance in this area, there would be merit in bringing greater awareness to the application of those FPs to "aggressive" tax avoidance. Several respondents acknowledged the complexity of the topic and variances in tax regulations around the world. They were of the view that only a principles-based approach to the relevant issues would be workable.

45. Several respondents encouraged the IESBA to take a measured and cautious approach to the topic, noting the particular risk of the Code adding another layer of standards that may be consistent with laws in one jurisdiction but not another. In this regard, it was suggested that the IESBA consider deferring action in order to learn from efforts already being undertaken around the world on the topic, and then determining whether the issuance of guidance would be warranted.

46. There was also a suggestion for the IESBA to consider undertaking any review in collaboration with other bodies to bring together different experiences and perspectives, and support for the discussion paper or thought piece suggested in the CP to stimulate discussion on the topic among stakeholders.

IESBA Decisions

47. The IESBA considered that comments from respondents on this topic largely echoed comments and observations that IESBA members themselves had exchanged when the topic was discussed during the finalization of the CP. The IESBA nonetheless agreed that respondents' comments were useful, particularly those suggesting consideration of work done by other organizations in this area (including IFAC and the Organisation for Economic Cooperation and Development (OECD)). The IESBA determined that it will take into account the work of such organizations as part of its fact finding on the initiative (see paragraph 59 of the SWP).

Materiality

48. Several respondents explicitly supported prioritizing a review of the concept of materiality in the Code. Most of them supported the provision of guidance on how to more consistently evaluate it, with a few respondents suggesting that the IESBA consider the differences between materiality and significance, and whether the Code applies the right term in the right place. A few other respondents also suggested clarification regarding how PAs should address clearly trivial inadvertent departures (i.e., de minimis exceptions).

49. Other respondents, however, generally did not see the need to prioritize a project on this topic. They were of the view that there is no evidence of practical issues or concerns, and that additional guidance will not result in greater consistency in application. Rather, it was felt that PAs should exercise professional judgment to assess the materiality of a matter based on the specific facts and circumstances.

IESBA Decisions

50.   The IESBA noted the diversity of views on this topic and, on balance, felt that it should await the outcome of its NAS Working Group's deliberations regarding the approach to take on materiality in the context of NAS, before assessing the nature, extent and timing of any specific work that might be needed (see paragraph 69 of the SWP).

51.   As considerations of materiality in the current Code go beyond NAS, the IESBA agreed that it would be important to consider relevant literature of the IAASB and the International Accounting Standards Board (IASB) should there be a need to provide further guidance on the application of materiality (or substitute term) in the Code (see paragraph 70 of the SWP).

Communication with Those Charged with Governance (TCWG)

52.   A project to review the provisions in the Code addressing communication with TCWG received generally less support among respondents. Several suggested that it should be given low or no priority given the diversity of legal frameworks around the world and the fact that the topic is already addressed by ISA 260.[1] A few suggested that there are other ways to raise the profile of the roles and responsibilities of both auditors and TCWG, such as through outreach and guidance.

53.   Nevertheless, a few respondents felt that it would be helpful for there to be some guidance in the International Independence Standards regarding the types of issues and matters that should generally be discussed with TCWG (such as the types of NAS that may be provided to the audited entity), including the form and timing of such communications.

IESBA Decisions

54.   Given the relatively low support among respondents for this topic, the IESBA determined not to prioritize it at this time. The IESBA determined instead to defer to the NAS Task Force as that Task Force considers the specific matter of communication with TCWG in the context of NAS. The IESBA agreed that any further action on the topic will be informed by the work of its NAS Task Force.

Documentation

55.   There was generally little support for a project on documentation, with some respondents expressing the following views:

- Documentation is not an ethical requirement but evidence of compliance with ethical requirements.

- The nature and extent of documentation as evidence of compliance with the Code is a matter for the PA, the PA's employer or local regulators to establish, and in many circumstances it may be a legal matter.

- Documentation is a quality control rather than an ethical issue.

56.   A few other respondents, however, felt that it would be appropriate to prioritize such a topic, expressing the following views in particular:

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[1]   International Standard on Auditing (ISA) 260 (Revised), *Communication with Those Charged with Governance.*

- All PAs should document specifics related to matters they evaluate under the Code whenever they exercise "professional judgement."

- This is an area by which enforceability of the Code may be improved, which in turn may facilitate greater adoption of the Code.

- From a regulator perspective, inadequate documentation on how independence is considered and met is a key issue.

IESBA Decisions

57. In the light of respondents' comments, the IESBA determined on balance to consider towards the end of the strategy period whether changes to the Code are needed in relation to documentation, provided that there is agenda capacity and resources (see paragraph 75 of the SWP).

Respondents' Other Suggestions

58. Various respondents made a number of other suggestions for possible actions in the next strategy period for the IESBA's consideration. The table below sets out the more significant suggestions and the IESBA's decisions.

Respondents' Suggestions	IESBA Decisions
(a) A review of the meaning of public interest in the global context, in collaboration with IAASB and IAESB.	The IESBA had considered this topic at some length during the development of the CP and determined not to prioritize it. Rather, the IESBA agreed to await the finalization of the Monitoring Group's public interest framework (as part of the latter's review of the governance and oversight of the international audit-related standard-setting boards) before considering the need for any action on this topic.
(b) A review of the definition of the term "professional activity" to reflect new and emerging services provided by PAs, given evolving technology.	The IESBA agreed that there may be merit in reviewing the current definition as it may not sufficiently reflect the broad range of activities PAs now undertake and the broad skill sets they have. The IESBA determined that this could be considered by its Technology Working Group.

Respondents' Suggestions	IESBA Decisions
(c) Development of specific professional pronouncements for non-assurance services (e.g., valuation services, insolvency, forensic accounting, and tax services), especially as firms are now deriving a significant portion of their revenue from the delivery of these services.	The IESBA determined not to prioritize these topics at this time for the following reasons: • There is no capacity to address them given other identified priorities based on stakeholder feedback to the SWP survey and through outreach. • There is currently little evidence that the principles in the Code are inadequate to address ethical issues relating to these services. • No other respondent has expressed urgency for the IESBA to develop specific pronouncements to address these services.
(d) Consideration of a project to address practical issues encountered by group and component auditors in applying the independence standards in a group audit.	The IESBA is aware that questions have been raised in the past regarding the application of the independence standards in the Code in a group audit context. While firms have not flagged difficulty in applying such standards, the IESBA agreed that it may be appropriate to explore the need for clarifications in this area, in coordination with the IAASB's project to revise its group audits standard (ISA 600).
(e) Reconsideration of the Code's conceptual underpinning to focus not only on standards of behavior but also on critical thinking and professional judgment. This would involve shifting the focus and emphasis of the Code from a discussion of threats to more a discussion about how the FPs are expected to drive high quality critical thinking, professional judgments, and behaviors.	The IESBA believes that it would not be appropriate to re-open the conceptual underpinning of the Code as doing so would impact the entire Code, especially as it has just been extensively revised and restructured. The IESBA noted that the Role & Mindset project is already considering issues relating to critical thinking and how PAs can best meet public expectations regarding "professional skepticism" more broadly. The IESBA therefore determined not to prioritize this suggestion at this time.

Respondents' Suggestions	IESBA Decisions
(f) Consideration of whether to require a PA to report a breach of the Code to an appropriate authority when it is in public interest to do so unless prohibited by law or regulation. The Code currently only requires a PA to consider reporting a breach of an independence provision to a professional or regulatory body or oversight authority if such reporting is common practice or expected in the relevant jurisdiction.	The IESBA determined that this matter should not be prioritized at this time given other more pressing topics. However, the IESBA agreed that this suggestion could be considered as part of a future post-implementation review of the Breaches provisions.
(g) Consideration of addressing the culture of firm secrecy and the role that transparency plays in embedding an ethical culture. In particular, as firms grow, so does the need to better understand their functioning, governance, goals, risks and achievements. The IESBA is best placed to recognize the seriousness of this issue, assimilate stakeholder needs and respond globally.	The IESBA believes that the issue of firm transparency is more a matter for legislators and regulators to address as it is about disclosure as opposed to ethical behavior. In this regard, the IESBA noted that some jurisdictions such as the EU have issued regulations addressing firm transparency targeted at their particular jurisdictional needs and circumstances. Accordingly, the IESBA determined not to prioritize this suggestion at this time. Nevertheless, the IESBA agreed to maintain a watching brief regarding developments in this area.
(h) Consideration of providing a better understanding to stakeholders about commonalities (e.g., the FPs and conflicts of interest) and differences between the various activities that PAs undertake, and why special ethical and other requirements (e.g., independence, professional skepticism) are warranted for assurance engagements and not other activities.	The IESBA noted that there has been little evidence of market demand for such communications. The IESBA agreed instead that consideration could be given to carefully explain the proposals being developed under the Role & Mindset project (which is addressing public expectations of all PAs with respect to the exercise of "professional skepticism"). In addition, as part of the rollout of the revised and restructured Code, the IESBA has commissioned a number of initiatives to explain the new structure of the Code and the significant changes that have been introduced. This includes coverage of a number of the fundamental aspects of the Code that cut across the entire profession, such as the fundamental principles and the conceptual framework.

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