ELEVATING ETHICS IN A DYNAMIC AND UNCERTAIN WORLD

STRATEGY AND WORK PLAN, 2019-2023

IESBA | International Ethics Standards Board for Accountants

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Board for Accountants

FOREWORD

BY DR. STAVROS THOMADAKIS, IESBA CHAIRMAN

Dr. Stavros Thomadakis, IESBA Chairman

The IESBA is entering its next 5-year planning period on January 1, 2019.

I am pleased to introduce the Board's Strategy and Work Plan (SWP), representing a culmination of intense and open reflections on broad-based stakeholder input over the last year and a half.

Our new plan is greatly advantaged by the clarity and robustness of the restructured International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code), adopted unanimously at the end of last year. It reflects very characteristically the Code's core mission to apply to all professional accountants whose duties share a common foundation of conceptual framework and fundamental principles.

The ambition of this plan is to underwrite projects and activities that fulfill distinct but broad goals: relevance and applicability in a world of changing technologies, business methods and public expectations; and strengthening public interest objectives as well as trust in the accountancy profession as an integral whole.

We are very aware that Ethics and fundamental principles are constantly gaining importance in the perspective of actors in the international economic order. Accordingly, the Code must be forward looking and 'future ready'. The present SWP promises to expand the Code's relevance and effectiveness.

As an independent Board pursuing global public interest objectives, we have embedded a balanced view of relevance and outcomes in the scope of planned projects. The global public interest is complex and must always be underpinned by broad consultation and consensus, as much as possible. We believe that principles-based ethics standards must be sustainable long-term constructs. We also recognize that new requirements or application material should be brought quickly to market to respond to changing technological circumstances and public expectations. To meet these objectives, this SWP contemplates a mix of innovative projects that are resource and time-intensive, in order to consult with stakeholders and to bridge a variety of user needs; and a number of more narrowly scoped projects capable of more rapid completion. This requires careful decisions on priorities and trade-offs. The SWP looks to optimize available plenary, volunteer and staff time, as well as other available resources.

The reforms contemplated by the Monitoring Group include proposals for splitting the Ethics Code and the Ethics Board into separate functional segments that will apply to different roles of professional accountants. These proposals will deconstruct the Restructured Code that has just been delivered by IESBA after several years of work, and which is already being adopted by several large jurisdictions. We cannot anticipate the final conclusions of this reform process. What we can do is to respond to the underlying concerns the Monitoring Group has articulated about perceptions of independence, relevance and timeliness of ethical standards. The SWP addresses these concerns where they bear on the Board's remit and its strategy and work plan.

Our projected work on technology, professional skepticism, aggressive tax behavior, and the implementation of NOCLAR offers examples of initiatives that presume and require an integrated set of behavioral requirements for professional accountants and their contribution to the public interest. The content and direction of strategic choices of future projects clearly illustrate the independent perspective of a widely diversified Ethics Board. By articulating integrated strategic goals, we therefore offer a concrete and feasible path of progress in the setting of quality ethical standards that is mindful of stakeholder concerns. Charting a stable course to fulfill public interest objectives is crucial for the confidence of our global stakeholders in the relevance and impact of international standards of Ethics.

Expectations and demands on our work have never been higher. This reflects the centrality of Ethics for all professional accountants in their many roles. It is a welcome challenge. It is testimony to confidence that our work can make a difference. Our strategy and work plan charts a clear path to fulfilling a vision for standards that will raise the ethical bar in global practice.

INTRODUCTION

1 This document sets out the IESBA's strategy for 2019-2023, and the actions and priorities (work plan) to implement the strategy ("strategy and work plan", or SWP).

2 While the SWP includes a number of new standard-setting initiatives, the IESBA has agreed that any changes to the Code after the completion of the project to restructure the predecessor version, the *Code of Ethics for Professional Accountants*, will not become effective before June 15, 2020 unless there is an urgent need to respond to new or unforeseen circumstances. This pause will allow time for accountancy firms ("firms"), national standard setters, IFAC member bodies and professional accountants (PAs) to study and implement the changes reflected in the revised and restructured Code (or simply the restructured Code).

3 This SWP includes the following main sections:

I. **Vision for the Code and Strategic Themes** – The IESBA's vision for the Code and the strategic themes that will guide its actions in pursuit of this vision over the strategy period.

II. **Key Considerations Guiding the Establishment of the Work Plan** – The criteria and key factors that affect the determination of actions in the strategy period and the relative priorities of those actions and their timing.

III. **Managing Delivery of the Strategy and Work Plan 2019-2023** – How the IESBA expects to manage delivery of the SWP within its given capacity and resources.

IV. **Actions, Priorities and Timing** – Identified actions, priorities and timing aligned to the strategic themes.

I. VISION FOR THE CODE AND STRATEGIC THEMES

The IESBA's vision is for the Code to 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.

4 The IESBA's pursuit of this vision during the period 2019-2023 will be supported and guided by the following three strategic themes:

- **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.

5 Each of the strategic themes is discussed below. In addition, the IESBA will continue to vigorously promote the fundamental principles and the conceptual framework which are the stable pillars underpinning the Code.

6 The IESBA intends its SWP to be dynamic. New developments in the external environment may call for a reconsideration of the strategic themes or related actions and priorities to ensure that the IESBA's work is relevant and responsive to the public interest. Accordingly, the IESBA is committed to actively monitoring emerging developments that may require adjustments to its SWP.

7 The IESBA has prioritized a range of longer-term and shorter-term initiatives or projects that it believes best support the strategic themes in a balanced way. This includes directing measured efforts to standard setting and to implementation support within its mandate and resources.

Advancing the Code's Relevance and Impact

Deepening and Expanding the Code's Influence

Expanding the IESBA's Perspectives and Inputs

8 The IESBA emphasizes that the timing of deliverables will depend on a number of factors, including the nature and complexity of the topics or issues being addressed and, where applicable, the project definitions and due process. Nevertheless, in all its actions, the IESBA will consider how best to most effectively and efficiently respond to stakeholder needs and expectations. In particular, where warranted, the IESBA will plan and allocate resources to global roundtables with stakeholders as an effective way to seek early direction on specific projects or to seek perspectives on identified issues.

9 Not all outputs from the work plan will result in changes to the Code. Some may take the form of thought leadership publications, implementation support tools and resources, or other deliverables the IESBA may determine appropriate.
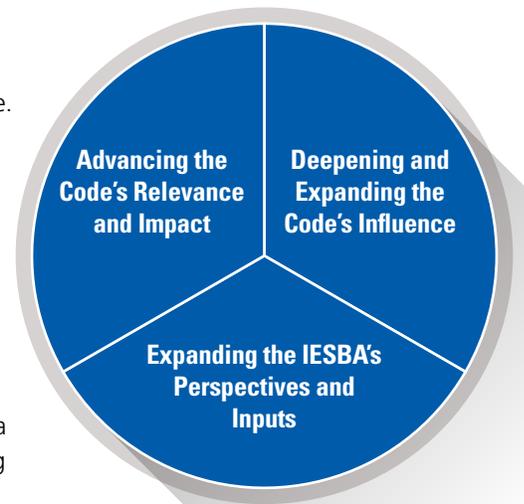
Advancing the Code's Relevance and Impact

MAINTAINING A GLOBAL CODE FIT FOR PURPOSE IN THE EVOLVING ENVIRONMENT

10 Digital technologies have been rapidly transforming the landscape and ways in which companies and organizations operate. Big data and data analytics, emergent artificial intelligence, robotics, blockchain, cloud computing, mobile computing, social networks and new digital payment platforms, among others, are becoming more mainstream. They also are highly interconnected. Such technologies enable companies and organizations to achieve economies of scale, competitive advantage through innovation and reinvention, global reach and faster time to market. These trends and developments are impacting the roles and responsibilities of PAs in a major way throughout the financial reporting supply chain. They create opportunities and challenges not only for firms and individual PAs in serving their clients or employing organizations, but also for the Code in remaining relevant as a foundation of public trust in the work of firms and individual PAs.

Advancing the Code's Relevance and Impact

Deepening and Expanding the Code's Influence

Expanding the IESBA's Perspectives and Inputs

11 These trends and developments directly impact the Code in two overarching respects:

(a) The continuing robustness of the fundamental principles and the relevance and appropriateness of provisions and key concepts and terms in the Code; and

(b) The ethical implications of changing modes and patterns of business and work caused by technological disruptions and innovation.

12 The IESBA therefore will study the implications of these major trends and developments, and take any standard-setting action that may be appropriate to ensure that the Code remains fit for purpose. The desired outcome is for the Code to continue to provide a trusted ethical compass to firms and PAs as they upgrade their skills and adapt their services and activities in today's technological age.

13 More broadly, the IESBA will also continue to examine the ethical implications of any regulatory developments internationally and any major shifts in public expectations or trends in areas of economic activity that rely on the services of PAs.
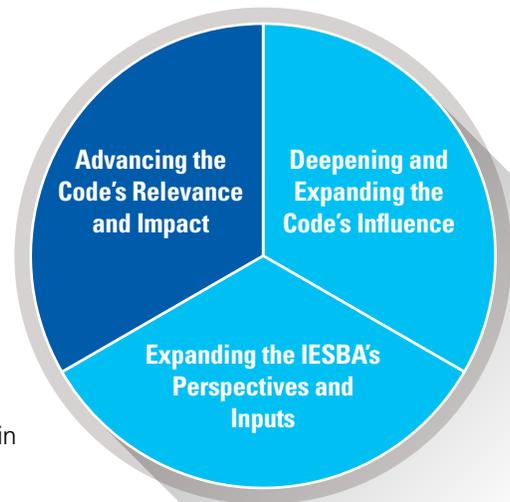
FURTHER RAISING THE BAR ON ETHICS

14 Setting high-quality ethics standards for both PAs in public practice (including auditors) (PAPPs) and PAs in business (PAIBs) is the essence of the IESBA's role in the public interest. The IESBA believes that the revision and restructuring of the Code, completed in December 2017, have indeed significantly strengthened the Code.

15 However, the IESBA is also cognizant that new questions or issues may arise in the fluid, dynamic external environment that might reveal potential gaps in the Code or areas in need of further strengthening. Already, in response to stakeholder feedback and input from the PIOB, the IESBA has launched projects to further develop or strengthen the Code to address the topics of (i) the role and mindset expected of all PAs (formerly "professional skepticism"), (ii) the permissibility of non-assurance services (NAS) to audit clients, and (iii) fees charged by audit firms (see Appendix 1 for further details).

16 In addition, in the context of auditor independence, the IESBA has determined that now is the time to review the adequacy of the definition of a public interest entity (PIE) in the Code given regulatory developments in this area in some major jurisdictions as well as calls from some regulatory stakeholders regarding whether the extant definition continues to be fit for purpose. Equally, developments in capital markets around the world and how they are regulated have raised questions about the clarity of the definition of a listed entity in the Code.

17 Questions have also been raised by a number of stakeholders, including some within the regulatory community, regarding whether the concept of materiality in the Code is sufficiently clear as it applies to areas such as business relationships and financial interests.

18 Further, as societal expectations evolve, there have been public concerns about perceptions of some entities employing "aggressive tax avoidance" strategies, and whether such strategies are ethically justifiable. The questions that have been raised have implications for both PAPPs and PAIBs in relation to the advice or support they provide to their clients or employing organizations in the area of tax planning and related services.

19 These are specific areas that the IESBA will study to determine whether standard-setting or other action is warranted to further raise the bar on ethics.

Deepening and Expanding the Code's Influence

20 Globally recognized and accepted ethics standards serve the public interest because they establish a universal baseline for PAs around the world regarding the ethical conduct expected of them vis-à-vis their clients and employing organizations. Further, global independence standards provide for a consistent understanding among investors, public authorities, the corporate governance community and others as to what it means for an auditor to be independent, thereby leading to increased public trust in auditors' reports.

21 To date, the Code has been adopted or is used as a basis for national ethics standards or the ethical codes of professional accountancy organizations in over 120 jurisdictions around the world, including 16 among the G-20. In addition, the **31** largest networks of firms around the world that comprise the Forum of Firms have aligned their policies and methodologies to conform to the Code for transnational audits. These statistics are a strong endorsement for the Code and its principles-based approach. However, with the completion of the restructuring and substantive revision of the Code at the end of 2017, the IESBA sees a clear imperative to deepen and expand the Code's influence by vigorously promoting global adoption of the restructured Code.

Advancing the Code's Relevance and Impact

Deepening and Expanding the Code's Influence

Expanding the IESBA's Perspectives and Inputs

22 In this regard, the IESBA will prioritize major outreach and communication activities to raise awareness of the restructured Code and the substantive improvements it contains.[1] The IESBA is aware that many jurisdictions have been progressing towards adoption at different speeds for a number of reasons. These include not only issues of capacity and fragmented responsibilities for

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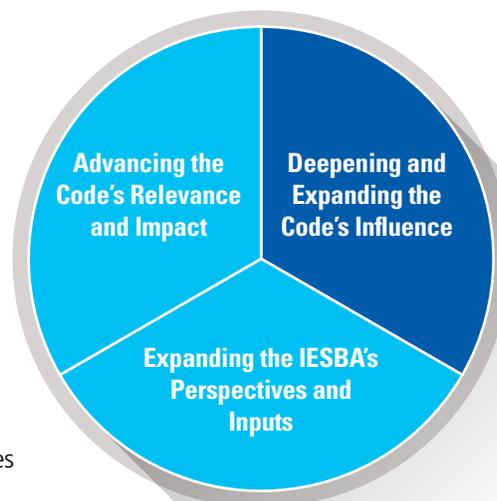
[1] For details about when the restructured Code (including substantive improvements) becomes effective, see http://www.ethicsboard.org/restructured-code.

ethics standards at the national level, but also clear concerns among stakeholders regarding the understandability, translatability, ease of use and enforceability of the extant Code. The IESBA believes that the restructured Code responds comprehensively to these concerns. Accordingly, it is in the public interest that jurisdictions adopt the restructured Code at the earliest opportunity.

23 To this end, the IESBA will pursue closer and more comprehensive engagement with national standard setters 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 restructured Code. The IESBA will also seek endorsement or other support of the restructured Code by national and international regulatory organizations.

24 Further, the IESBA will consider how best to leverage developments in digital technology to achieve wider reach, greater visibility, and easier use and access for the Code. In this regard, the IESBA envisions an e-Code with enhanced functionality that will provide ready access and guidance to firms and PAs in addressing the ethical questions or challenges they may face.

25 In addition to promoting global adoption of the restructured Code, the IESBA will dedicate significant effort to facilitate its effective implementation. This will be particularly important as the new Code contains major improvements in areas such as non-compliance with laws and regulations (NOCLAR), the conceptual framework and safeguards, long association, inducements, and pressure to breach the fundamental principles. At the same time, in coordination with the IAASB, the IESBA will also explore 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 pertaining to the Code. This recognizes IFAC's unique role and position, as the global organization for the accountancy profession, in influencing adoption and implementation of international standards. It also recognizes that there are limits to the IESBA's mandate and capacity in monitoring implementation of its standards around the world and in addressing all the market needs for implementation support. The IESBA will articulate its strategy for implementation reviews and implementation support in 2019.

26 While the IESBA believes that it will have substantively addressed stakeholders' concerns about the clarity and enforceability of the Code through the restructuring project, it will monitor the effective implementation of the restructured Code. It will be important for the IESBA to hear about any implementation challenges in this regard. The IESBA also envisions a formal implementation review of the restructured Code towards the latter part of the strategy period to determine whether the objectives of the restructuring project have been met.

Expanding the IESBA's Perspectives and Inputs

27 The development of high-quality ethics standards benefits immensely from the input of the IESBA's wide range of stakeholders globally. To ensure that the Code continues to be, and be seen to be, a world class Code for the accountancy profession globally, the IESBA will proactively engage with its stakeholders and seek cooperative avenues with them.

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2   As part of its public interest mandate, IFAC contributes to the development, adoption, and implementation of high-quality international ethics standards for professional accountants, primarily through its support of the IESBA. IFAC provides human resources, facilities management, communications support, and funding to the IESBA, and facilitates the nominations and selection process for board members.

28 A major axis of cooperation will be with the International Auditing and Assurance Standards Board (IAASB). The IESBA and IAASB have agreed to a set of principles and related criteria to guide their interactions on select and important matters of common interest going forward. The two independent boards have also begun a practice of meeting together annually to discuss matters of mutual relevance, in addition to more regular interactions at the staff, task force or working group, and leadership levels. This enhanced level of strategic and technical coordination is necessary because of the increasing extent to which the standards of both boards need to be coordinated on common or overlapping topics or areas, and because many jurisdictions adopt both boards' standards.

Advancing the Code's Relevance and Impact

Deepening and Expanding the Code's Influence

Expanding the IESBA's Perspectives and Inputs

29 The IESBA will also seek cooperative avenues with the International Accounting Education Standards Board (IAESB).[3] As there may be areas of overlap on specific topics that both the IESBA and IAESB are addressing within their respective SWPs, it is in the public interest that the two boards seek to coordinate their work as closely as possible.

30 The IESBA will also continue to prioritize close engagement with its National Standard Setters (NSS) liaison group[4] and seek opportunities for cooperation or collaboration on topics or initiatives of mutual interest. More broadly, the IESBA will pursue proactive engagement and closer working relationships with other stakeholder groups, including regulators and audit oversight bodies, investors and those charged with governance, firms and IFAC member bodies.

31 Recognizing that PAIBs represent a large proportion of the profession in many jurisdictions, the IESBA will dedicate a specific focus on engaging closely with the IFAC PAIB Committee as a global representative group for this important constituency. At the same time, the IESBA believes that it is important to take into account the particular perspectives of the small and medium practice (SMP)/small- and medium-sized entity (SME) constituency when it sets standards. It therefore envisions continued close liaison with the IFAC SMP Committee as well as seeking opportunities for engagement with the broader SMP/SME community, recognizing the need to balance the burden of change to the Code and the likely benefit to the public interest.

32 The IESBA recognizes the importance of evidence-based standard setting, i.e., basing standard-setting activities on appropriate research and evidence of issues to be addressed. The academic and audit oversight communities can play valuable roles in this regard through their research and audit inspection activities, respectively. Such activities may yield empirical evidence as input to the IESBA's consideration of future standard-setting initiatives. In this regard, there is opportunity to strengthen the IESBA's relationship with the academic community, utilizing its own members' connections and leveraging the links of other standard-setting boards and IFAC to that community. The IESBA has also engaged in discussions with the audit oversight community regarding how best to leverage the latter's inspection work. Further, global roundtables that the IESBA has held recently have provided effective sounding boards to hear perspectives and ideas on specific topics from both stakeholder groups, among others. The IESBA anticipates strengthening these relationships through such fora on an ongoing basis.

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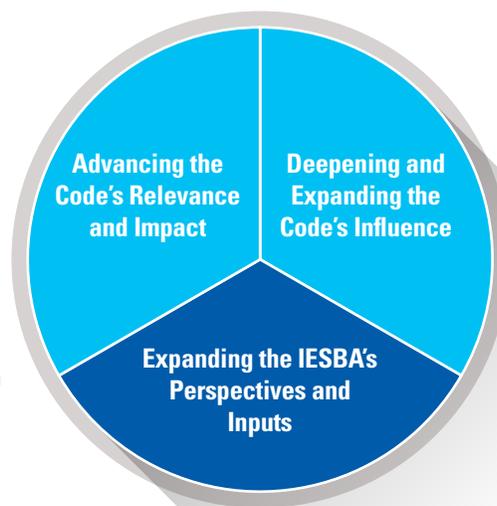
[3] On August 3, 2018, IFAC announced that it was transitioning the IAESB to a new model based on a comprehensive and integrated approach to international accountancy education. Among other matters, the new model, which will be overseen by IFAC rather than the PIOB, will continue to advance the implementation of the International Education Standards (IESs) and build the capacity of professional accountancy organizations. In this document, reference to the IAESB includes its successor body. The IESBA will review its strategy for, and approach to, coordination with the IAESB once the new body has been established and its strategy and work plan developed.

[4] The IESBA-NSS liaison group comprises NSS from Australia, Brazil, Canada, China (mainland), France, Germany, Hong Kong SAR, India, Japan, the Netherlands, New Zealand, Russian Federation, South Africa, UK and USA.

CRITERIA FOR DETERMINING ACTIONS AND PRIORITIES

33 The IESBA's determination of standard-setting or other actions to add to its Work Plan 2019-2023 and their priorities under the three strategic themes described above depends on a number of criteria. These include:

- The benefits to the public interest of undertaking the particular action, including the extent to which the action will:
  - Further enhance public trust in the Code and the global accountancy profession.
  - 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.
- Based on appropriate evidence or analysis:
  - 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 within the Code's purview.
- The feasibility of an effective outcome within a reasonable timeframe.

FACTORS THAT AFFECT TIMELINES WITHIN THE WORK PLAN

34 Various factors affect the timelines of new actions within the work plan, including:

- The nature, complexity and definition of the scope of the particular matter being addressed.
- Whether prior fact finding or consultation with stakeholders is needed to establish a basis for standard setting.
- Board and agenda capacity (see Managing Delivery of SWP 2019-2023 below).
- The need for coordination with other standard-setting boards, in particular the IAASB and IAESB.

35 The need to adhere to due process is also a factor that influences the duration of projects. Projects may take from 12-36 months to complete, depending on their nature, scope and complexity, and the need for research and stakeholder consultation prior to issuance of an exposure draft.

36 The SWP is ambitious, and draws on the full capacity of the IESBA to deliver high-quality standards in a timely manner. The IESBA's current capacity includes:

- Plenary board meeting capacity of 12-15 days per annum.
- A remunerated independent Chair and seventeen volunteer members, with each volunteer member committing approximately 325 – 570 hours annually (excluding travel) to his or her work on the Board. Most Board members in turn are supported by technical advisors.
- An experienced full-time technical team of seven staff and administrative team of two staff, with administrative structures and processes supported by IFAC.
- An annual operating budget that supports staffing, meeting, travel and other direct costs necessary for the IESBA to execute its strategy and carry out its work plan.

37 Managing delivery of the SWP within resources and with due consideration of the external context in which the IESBA operates is a priority of IESBA leadership. Key focus areas include:

- The independence and reputation of the IESBA, and the quality of the Code and its global acceptance—managed through:
  - A steadfast commitment to developing high-quality standards in the public interest;
  - A close and proactive dialogue with the PIOB and the IESBA Consultative Advisory Group (CAG), including responsiveness to their advice, observations and recommendations;
  - Fully transparent standard-setting activities, adherence to due process including broad public consultation on all proposed standards, and a focus on responsiveness to public feedback;
  - Ongoing commitment to ensuring both the quality and timeliness of delivery of new standards. This includes developing high-quality principles-based standards that are globally operable; and
  - A robust and broad-based stakeholder outreach program, to understand stakeholder interests and needs.
- Capacity at the leadership, volunteer and staff levels—managed through:
  - Optimizing Board plenary time, focusing debates on strategic issues while also addressing technical matters, and continuous improvement of effective and issues-focused material;
  - Use of task forces and working groups and, where appropriate, expert advisory groups to aid in standards development work;

- Appointment through the independent nominations process of a diverse mix of Board members, with the requisite skills, experience, resources and capacity to contribute to the projects on the work plan;

- Attracting, developing and retaining diverse, knowledgeable and highly qualified staff;

- Reconsidering capacity and skills needed in the light of strategic priorities; and

- Collaborating with national and other international standard-setting boards and leveraging their work and resources, including staff support when possible.

- Operational effectiveness and stability—managed through:

  - Periodic assessments of Board effectiveness;

  - Leveraging technological tools and resources to enhance efficiency and effectiveness at the staff level; and

  - Using Board, Staff and other resources in a focused and effective manner.

- Robust outreach and communication with stakeholders—managed through:

  - An extensive Chair, member and staff outreach program;

  - Fora such as the IESBA CAG and IESBA-NSS meetings and, where appropriate, global roundtables to discuss developments or issues of international relevance;

  - Proactive coordination with other international standard setters, particularly the IAASB and IAESB; and

  - Development and release of supporting communication material such as podcasts, webcasts, video Q&As, fact sheets, At-a-Glance documents, and Q&A publications.

38 The IESBA will continue to monitor external developments and evaluate how changes may impact its approach to delivery of its SWP. This includes monitoring the growth of demands on the Board as adoption of the Code increases further.

IV. ACTIONS, PRIORITIES AND TIMING

39   This section provides an overview of actions and related priorities and timing that the IESBA has determined would best serve to fulfill its vision for the Code in the period 2019-2023, guided by the three strategic themes identified above, and taking into account the feedback received from stakeholders through formal consultation. Prerequisites to the IESBA starting a standard-setting project include appropriate research into the issues, a proper needs analysis, and consideration of a formal project proposal.

40   The work plan comprises a range of longer term, more resource-intensive initiatives and shorter term initiatives that are less resource intensive. Together, the longer-term and shorter-term initiatives help support the strategic themes in a balanced way. The work plan will evolve dynamically as work streams are launched and develop. Decisions as to the nature and extent of outputs are made in the light of research and other fact finding, formal consultation with stakeholders where appropriate, stakeholder perspectives gathered through outreach, impact assessments where applicable, and coordination with the IAASB and IAESB in particular. The IESBA's project timetable is updated quarterly and is available on its website.

PRE-COMMITMENTS

41   Arising from projects completed during the previous strategy period, or pursuant to matters raised by the PIOB, the IESBA has made the following pre-commitments related to standard setting or the Code more broadly. Further details regarding these pre-commitments are set out in Appendix 1.

Advancing the Code's Relevance and Impact – Further Raising the Bar on Ethics	Deepening and Expanding the Code's Influence
• Role and mindset expected of professional accountants (formerly Professional Skepticism) • NAS • Fees • Consistency of Part 4B[5] with ISAE 3000 (Revised)[6]	• E-Code • NOCLAR implementation review • Long association implementation review

42   Except for the NOCLAR and Long Association implementation reviews, work on the five other pre-commitments commenced in the previous strategy period. The IESBA will give highest priority to completion of these five pre-commitments in the new strategy period.

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[5]   Formerly extant Section 291, *Independence – Other Assurance Engagements*

[6]   International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

NEW ITEMS

43   Following wide consultation with stakeholders including the IESBA CAG, and having regard to its vision for the Code, the IESBA will take up the following new items in the strategy period 2019-2023:

Advancing the Code's Relevance and Impact – Maintaining a Global Code Fit for Purpose in the Evolving Environment
• Trends and developments in technology
• Emerging or newer models of service delivery
Advancing the Code's Relevance and Impact – Further Raising the Bar on Ethics
• Tax planning and related services
• Definitions of listed entity and public interest entity
• Materiality
• Documentation
Deepening and Expanding the Code's Influence
• Implementation review of the restructured Code

44   The following subsection elaborates on the new items as well as the pre-commitments and other actions of a more general or ongoing nature, within the context of the strategic themes.

ACTIONS FOR 2019-2023, AND PRIORITIES AND TIMING

STRATEGIC THEME: Advancing the Code's Relevance and Impact   SUB-THEME: MAINTAINING A GLOBAL CODE FIT FOR PURPOSE IN THE EVOLVING ENVIRONMENT

Trends and Developments in Technology

45   Major trends and developments in technology such as data analytics, emergent artificial intelligence (AI), robotics, blockchain, cloud computing, mobile computing and social networks are rapidly transforming businesses and economies and the future of work. The global accountancy profession and stakeholders at large are recognizing the pressing need to understand and address the implications of these trends and developments. Within the context of the profession, these transformations have already begun to cause disruptions in the business models of firms, including how they deliver professional services and how they charge for such services as well as how individual PAs perform their work. For example, data analytics is impacting how firms perform audit engagements, and blockchain is prompting organizations to reconsider how they approach transaction reconciliations which have traditionally been a significant accounting task. At the same time, cyber-security has become a strategic issue for businesses large and small, and a number of major jurisdictions in recent years have introduced legislation or regulation regarding cyber-security to protect the personal information of individuals.

46   There may be a number of questions to be addressed. These include the ethical implications of relying on technologies such as AI, data analytics and robotics process automation to shape professional judgments, and how to ensure that the fundamental principles continue to be relevant and pre-eminent through transformations to business models and the roles of professional accountants in business and public practice as a result of developments in technology.

47 The IESBA recognizes the pressures for it to respond rapidly to the developments and is strongly committed to giving high priority to timely action. However, it also recognizes the danger of developing ineffective responses without an informed and well thought out strategy. Accordingly, as a first step, the IESBA has established a working group to gather an understanding of the transformative effects of these technological trends and developments on the assurance, accounting and finance functions, and explore their ethical implications.

48 Because of the breadth of the developments, the IESBA believes that it must take a diagnostic approach focused on identifying and evaluating the risks to the robustness and relevance of the Code and in particular the fundamental principles. The IESBA also intends to develop an understanding of opportunities that technology creates with regard to facilitating compliance with the fundamental principles and, where applicable, independence requirements. Based on its working group's findings and recommendations, the IESBA will determine the areas of highest priority, the scope of the related issues and how best to address them effectively. As an understanding of the developments in technology may require specialist input and advice, the IESBA will consider the merit of using specific expert advisory panels.

49 Depending on the nature of the issues, there may be more than one work stream that flows from this initiative, and they may be interrelated (see also subsection "Emerging or Newer Models of Service Delivery" below). Equally, depending on the working group's research and assessments, the IESBA may determine it appropriate to commission non-authoritative publications, such as IESBA Staff Alerts, as a timely response to specific developments or issues.

50 Because of the pervasive reach of technology, the IESBA will proactively consider the impact of technological developments on its other contemporaneous work streams, and pursue appropriate internal coordination as needed.

51 The IESBA will also explore avenues of coordination with the IAASB and IAESB with respect to issues in this area that overlap the remits of the boards. In this regard, in the context of the IESBA's commitment for strengthened coordination with the IAASB, the IESBA has begun exchanging views with the IAASB, as part of their annual joint meeting, on matters to consider as they contemplate coordinating efforts on the topic where it would be compelling to do so.

52 The IESBA approved the terms of reference for its working group in December 2018. The terms of reference set out the objectives for the working group and a phased approach to its work. Given the need to allow the working group time to undertake its fact finding work, the IESBA is keeping both an open mind on the ultimate outputs from this initiative and flexibility to allocate resources within its work plan to pursue agreed actions, commensurate with the high priority it has given to this initiative. The IESBA anticipates receiving updates from the working group throughout 2019 and a report on Phase 1 of the work in Q4 2019. The nature of any deliverables under a second phase, and associated timing, will be informed by the report from Phase 1.

Emerging or Newer Models of Service Delivery

53 The IESBA will establish a working group to explore the ethical implications of emerging or newer models of service delivery such as managed services that firms may provide or outsourced services that firms may use, and the related ethical implications for any PAIBs who are involved in decisions about such services. Some of the changes are being influenced by rapid developments in technology and changing views on the future of work, for example, the use of so-called "contingent workers"[7] in providing services to clients. The questions that arise might concern all five of the fundamental principles in the Code as well as independence, for example:

[7] Contingent workers are generally freelancers, independent contractors, consultants, or other outsourced and non-permanent workers who are hired on a per-project basis. They can work on site or remotely.

- Are there any ethical implications such as threats to objectivity and conflict of interest issues at a staff level when firms absorb entire staff teams on their payroll from their clients as a result of entering into a contract for a managed service, for example, managing the corporate taxation function of a multi-national client?

- Are there any implications with respect to compliance with the fundamental principles when entities outsource parts or aspects of their accounting or finance functions to third party service providers located in or outside their jurisdictions?

- Are there any implications with respect to compliance with the fundamental principles and/or independence when firms rely on shared service centers based in or outside their jurisdictions for the performance of selected parts or aspects of professional services?

- What do the concepts of "office" and "engagement team" in the Code mean from an independence perspective when the organizational model and ways of working (e.g. flexible workforce, contingent workers) are changing and the concept of a physical office gradually becomes less relevant?

54. As a first step, the IESBA will seek to obtain a detailed understanding of firms' evolving service delivery models. Given that this work stream is closely related to the technology work stream, the IESBA will consider whether fact finding work from its Technology working group can help inform consideration of the scope and priority of, and approach to, this topic. Potential deliverables may include enhancements to the Code and the issuance of non-authoritative publications to illustrate the application of the Code in different scenarios. The IESBA also expects some coordination with the IAASB on matters relating to use of outsourcing organizations or shared service centers.

55. The IESBA anticipates establishing the working group in Q4 2019, with fact finding work beginning soon after.

Emerging Issues Initiative

56. The IESBA will continue to monitor relevant external developments through its Emerging Issues and Outreach Committee (EIOC) with a view to determining whether there is a need for any changes to the Code, the commissioning of IESBA Staff publications, or other actions. The IESBA has established the EIOC to advise it on (a) any emerging issues that may warrant attention outside of the normal strategic planning process, and (b) the scope and focus of, and approach to, outreach to stakeholders.

57. The IESBA anticipates semi-annual discussions on the relevant matters flowing from this initiative throughout the strategy period.

> **STRATEGIC THEME: _Advancing the Code's Relevance and Impact_**
> SUB-THEME: FURTHER RAISING THE BAR ON ETHICS

Tax Planning and Related Services

58. In recent years, much public attention has focused on the topic of tax avoidance notwithstanding the legality of the tax mitigation schemes or related transactions to achieve desired tax outcomes. Questions have in particular been raised regarding the ethical implications for professional behavior when PAIBs are involved in developing tax minimization strategies that are perceived as "aggressive," or when firms provide advice to their clients on such strategies. The issue is of such major public interest significance that it has been discussed on the G-20 agenda. In addition, the PIOB has attached significant public interest to the topic.

59 The IESBA will therefore gather an understanding of developments in tax planning by companies and related professional services, and explore the associated ethical questions to which they give rise for both PAIBs and PAPPs to determine the nature and extent of any response. The IESBA will complement this effort with fact finding to understand from an ethical lens published research or other work that IFAC, policy-making organizations such as the Organisation for Economic Cooperation and Development (OECD) and the European Parliament, regional accountancy groupings such as Accountancy Europe, IFAC member organizations and others have done in the field.

60 The issues involved are complex, especially given the variety of legal frameworks and the reality of tax competition around the world, and therefore require a principles-based response. Nevertheless, the IESBA will explore a path where it can intervene within its remit as a global ethics standard setter. As a first step, the IESBA might consider issuing a discussion paper or a thought piece to stimulate discussion on the topic among stakeholders from the perspective of PAs' overarching obligation to comply with the fundamental principles. The IESBA plans to start this new work stream in Q2 2019.

61 This work stream is distinct and separate from any work the IESBA may undertake as part of its NAS project (see Appendix 1) to consider, from an independence perspective, the permissibility of tax planning services provided to audit clients.

Definitions of Listed Entity and Public Interest Entity

62 The Code defines a "listed entity" as an entity whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body. Some stakeholders have questioned the meaning of the term "recognized stock exchange" in this definition, for example, whether it is intended to be the same as, or broader than, the concept of a "regulated market" in the definition of a PIE in the EU audit legislation. It was noted that some might perceive a difference as in practice exchanges exist that are informal and outside of the scope of regulation. In addition, there might be a need to reconsider the definition given broader developments in capital markets in various jurisdictions and newer forms of capital raising, such as crowd funding.

63 Separately, the Code defines a PIE as either a listed entity or an entity (a) defined by regulation or legislation as a PIE or (b) for which the audit is required by regulation (which may be promulgated by any relevant regulator, including an audit regulator) or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Some regulatory stakeholders such as the International Association of Insurance Supervisors (IAIS) and the Basel Committee on Banking Supervision have suggested that the definition of a PIE be re-examined from the perspective of financial institutions, including banks. Other regulatory stakeholders such as the International Organization of Securities Commissions (IOSCO) have noted that many jurisdictions do not appear to have the capacity to tailor the definition to their specific national circumstances. Other stakeholders, particularly the small and medium practices (SMP) community, have expressed concern that the independence requirements in the Code are increasingly disproportionate in those circumstances where audit and review services are provided to small entities that fall within the PIE definition.

64 The IESBA will therefore explore whether the definitions of these two terms should be revised and the implications of any changes on how the Code addresses listed entities and PIEs, for example, in relation to prohibitions. The IESBA believes that it would be important to maintain a principles-based approach to the definitions and avoid an overly prescriptive approach that would undermine the Code's global applicability. The IESBA expects the need for some coordination with the IAASB on this initiative as the listed entity and PIE concepts are also relevant to IAASB standards. The IESBA will also consider whether there would be opportunity to leverage the work of the International Accounting Standards Board (IASB), particularly its definition of "public accountability" when it developed its IFRS for SMEs.

65   The direction of this work stream may be informed by work being undertaken as part of the NAS project (which is considering from an independence perspective the permissibility of NAS provided to PIE audit clients and clients that are not PIEs), as well as coordination work between the IAASB and IESBA on the IAASB's project to develop proposed International Standard on Quality Management (ISQM) 2 addressing engagement quality reviews.

66   The IESBA plans to start this new work stream in Q2 2021.

Materiality

67   Materiality is a concept that is referred to in a number of places in the Code. While the IESBA has developed new application material pursuant to its Safeguards project to explain materiality in relation to provisions addressing NAS delivered to audit clients, the Code refers to materiality in other areas, for example, in relation to other independence matters, and in Part 2 in relation to the financial interest of an individual.[8] For instance, Section 510 of the restructured Code addressing financial interests states that "for the purposes of determining whether such an interest is material to an individual, the combined net worth of the individual and the individual's immediate family members may be taken into account."

68   During its previous strategy consultation, a regulatory stakeholder had also suggested that the IESBA provide guidance on how to evaluate materiality in the context of considering breaches of the Code. In addition, as part of its series of global roundtables on the topic of NAS in June and July 2018, the IESBA heard encouragement from various stakeholders to provide further guidance on materiality in the Code.

69   The IESBA will therefore consider providing greater clarity regarding how the concept of materiality should be applied in the various places where it is referred to in the Code. As the NAS project is separately considering the question of whether the Code should permit firms to provide NAS to audit clients subject to materiality considerations, the IESBA expects that the deliberations of the NAS Task Force will help inform the direction of the work stream on materiality.

70   As part of this initiative, the IESBA expects to consider standards, contemporaneous work or publications of the IAASB, the IASB and other standard setters regarding qualitative approaches they might have developed or are developing on the topic of materiality. The IESBA also anticipates some coordination with the IAASB on this topic.

71   The IESBA anticipates considering a project proposal in Q1 2021.

Pre-commitments

72   The IESBA will prioritize completion of projects that were approved in September 2018 and which will continue in the new strategy period. These include:

- Promoting the role and mindset expected of professional accountants (formerly "Professional Skepticism")
- NAS
- Fees
- Part 4B consistency with ISAE 3000 (Revised)

73   Appendix 2 sets out the expected completion dates of these projects.

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8   Paragraph 240.3 A3 of Section 240, *Financial Interests, Compensation and Incentives Linked to Financial Reporting and Decision Making*.

General Maintenance of the Code

74 The IESBA will set aside some capacity throughout the strategy period to address matters that may fall under the umbrella of general maintenance of the Code. Examples of such matters include limited scope clarifications within certain application material (the need for which may be identified as part of current or recently completed projects, or otherwise flagged by stakeholders), and use of consistent terminology and definitions vis-à-vis IAASB standards. Given the limited scope nature of these types of changes to the Code, the IESBA envisions that identified changes could be packaged together and released at the same time. Further, given the nature of such changes, the IESBA will, where warranted, accelerate steps in due process.

Other Potential Project

75 Subject to agenda capacity and resources, the IESBA plans to also consider towards the end of the strategy period whether changes to the Code are needed in relation to documentation.

76 The Code's documentation provisions are presently located in various areas addressing particular topics. During its Safeguards project, the IESBA considered whether the Code includes sufficient and appropriate documentation provisions related to safeguards. As a result of this discussion, the IESBA identified a need to reconsider the nature, extent and location of material relating to documentation in the Code holistically. In addition, this initiative will consider various suggestions from respondents during projects completed in the previous strategy period or the IESBA's previous strategy consultation, including:

- Whether the application material that encourages documentation with respect to ethical conflict resolution should be elevated to a requirement.

- Whether the Code should require independence documentation to be of a standard that would enable another professional to understand the judgments made, and the reasoning supporting those judgments.

- Whether the requirement with respect to documentation of threats to independence that necessitate significant analysis should be extended to any threats to independence requiring analysis.

77 In addition, this initiative will consider a question that arose during the MG Rover case in the UK in the past few years regarding whether PAIBs should be subject to a documentation requirement in certain circumstances. The Code currently only encourages documentation for PAIBs.

STRATEGIC THEME: Deepening and Expanding the Code's Influence

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Promoting Global Adoption of the Restructured Code

78 With the issuance of the restructured Code in April 2018, the IESBA will pursue vigorous outreach efforts to raise awareness of the significant improvements to the Code and promote its global adoption. In this regard, the IESBA has established a working group in Q1 2018 to develop rollout initiatives to support adoption and implementation[9] of the restructured Code as well as a strategy for outreach and communication. The IESBA anticipates these activities to continue well into the new strategy period given its expectation that adoption will follow a gradual path as jurisdictions follow their national due processes.

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[9]   Resources to promote adoption and support implementation of the restructured Code are available on the **IESBA website**.

Monitoring and Documenting the Extent of Adoption of the Code

79 In collaboration with the IFAC Compliance Advisory Panel, the IESBA plans to regularly update information regarding the extent of global adoption of the Code. The IESBA also plans to work closely with the Compliance Advisory Panel to explore whether IFAC member bodies could be encouraged to benchmark their national ethics standards against the Code, specifically with a view to identifying any national requirements that are more or less stringent than the Code and understanding why. This activity will be of an ongoing nature.

Pre-commitments

80 The IESBA will prioritize development of the e-Code, leveraging the platform of the restructured Code. The IESBA envisions the e-Code to be a primary tool of reference for firms, individual PAs, IFAC member bodies and other stakeholders in the medium to longer term. This initiative will seek to leverage newer technologies, including mobile access, to make the content of the Code as widely accessible and visible, and as user-friendly as possible. In addition to providing an enhanced search facility, the IESBA anticipates the e-Code to contain links to bases for conclusions, IESBA Staff publications and other relevant material outside the Code that provide contextual information or explain the rationale for particular provisions in the Code.

81 The IESBA has established a working group in Q1 2018 to lead this initiative. The focus of the first phase of this work stream is on building a web-based tool with "app-like" features and functionalities, including enhanced search. This tool will also provide a digital platform to better demonstrate the "building blocks" approach and scalability in the restructured Code. This phase is targeted for completion by the end of Q2 2019, around the time the restructured Code becomes effective. The second phase of this initiative, expected to start in Q3 2019, will focus on developing additional functionality for the e-Code. The working group will advise the IESBA on the scope, deliverables and timeline for this second phase in due course. Additional phases will be subject to IESBA discussion and the progress achieved and experience gained from the first two phases.

82 The IESBA will also undertake the following implementation reviews in the new strategy period:

- Long association

  The implementation review of the long association provisions will be carried out in two phases. Phase 1, commencing Q3 2020, will review the implementation status of the five-year cooling-off requirement for engagement partners on audits of PIEs, and any issues arising from the implementation of such requirement before the expiry of the transition period for the jurisdictional provision.[10]

  Phase 2, commencing Q2 2023, will review how effectively the other revised long association provisions in the Code are being implemented in practice (taking into account legislative or regulatory developments relating to other regimes around the world intended to address long association, such as mandatory firm rotation and mandatory retendering).

- NOCLAR, commencing Q2 2023.

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[10] The jurisdictional provision refers to paragraph R540.19 of the restructured Code:

"Where a legislative or regulatory body (or organization authorized or recognized by such legislative or regulatory body) has established a cooling-off period for an engagement partner of less than five consecutive years, the higher of that period or three years may be substituted for the cooling-off period of five consecutive years specified in paragraphs R540.11, R540.14 and R540.16(a) provided that the applicable time-on period does not exceed seven years."

This paragraph will have effect only for audits of financial statements for periods beginning prior to December 15, 2023. This will facilitate the transition to the required cooling-off period of five consecutive years for engagement partners in those jurisdictions where the legislative body or regulator (or organization authorized or recognized by such legislative body or regulator) has specified a cooling-off period of less than five consecutive years.

83 The proposed timing of the NOCLAR implementation review is subject to there being sufficiently broad adoption of the NOCLAR provisions, at least within the G20 and other major jurisdictions. The IESBA will formulate the approach to the implementation reviews in due course.

Implementation Review of the Restructured Code

84 In restructuring the Code, the IESBA has aimed to enhance its understandability and usability, thereby facilitating its adoption, effective implementation, consistent application, and enforcement. The project, which was completed in December 2017, has involved extensive restructuring and redrafting of the Code.

85 Given the important objectives of the project, the IESBA will undertake an implementation review of the restructured Code with a view to assessing whether its implementation around the world is effectively meeting those objectives. This implementation review will focus only on broader issues of usability, translatability and application, and not on the substantive changes to various sections that are now included in the restructured Code.

86 The IESBA plans for this initiative to commence in Q2 2023 to allow sufficient time for the restructured Code to bed down and for jurisdictions and firms of all sizes to gather sufficient experience in implementing it. To enable synergies to be achieved, this review will be undertaken in coordination with the implementation reviews of Long Association (Phase 2 as noted above), and NOCLAR.

Other Activities

87 In support of adoption and implementation, the IESBA will also undertake various other activities throughout the strategy period, including the following:

- Developing and executing a robust communication strategy.
- Pursuing a proactive stakeholder outreach agenda, including understanding stakeholder experiences regarding adoption and implementation of the restructured Code.
- Commissioning the development of appropriate staff publications in support of adoption and implementation, beyond any implementation support resources developed as part of the restructured Code.

STRATEGIC THEME: Expanding the IESBA's Perspectives and Inputs

Coordination with the IAASB and IAESB

88 As a pervasive aspect of its strategy, the IESBA will engage in close coordination with the IAASB. The two boards have agreed to a set of operating principles for coordination, and have each appointed a member to act as liaison to the other board. Since 2017, the IESBA has also committed to holding a joint plenary meeting with the IAASB at least annually to discuss matters overlapping their respective remits.

89 To facilitate the coordination effort, staff of the IAASB and IESBA are maintaining an inventory of topics or areas requiring or potentially requiring coordination. Projects on which coordination is already taking place include the IESBA's Promoting the Role and Mindset Expected of

Professional Accountants (formerly "Professional Skepticism") project; the IAASB's ISQM 1,[11] ISQM 2,[12] ISA 220[13] and ISRS 4400[14] projects; and the IESBA's review of Part 4B of the restructured Code for consistency with ISAE 3000 (Revised). In addition, the two boards have initiated coordination efforts on the topic of technology.

90 As a general policy, the IESBA will initiate projects to amend the Code for any necessary consequential or conforming changes arising from new IAASB standards or revisions to existing IAASB standards. Further information about coordination between the two boards, including updates on coordination efforts in progress, will be made available on the IESBA's website.

91 Education in support of ethics for PAs is critical. The IESBA will therefore proactively pursue coordination with the IAESB on matters of mutual interest. Such coordination is already in process with respect to the project on promoting the role and mindset expected of PAs.

Other Actions

92 The IESBA will engage 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.

93 The IESBA also plans to undertake the following additional actions throughout the strategy period:

- It will seek to extend and deepen engagement and cooperation with key stakeholders, including NSS, regulators and audit oversight bodies, and firms.
- It will seek engagement with the international academic community.[15]
- It will speak out on ethics-related developments that have the potential to lead to greater divergence in standards, and seek to influence debates towards greater international convergence.

SUMMARY OF PROJECTS, WORK STREAMS AND ACTIVITIES, AND WORK PLAN 2019–2023

94 Appendix 2 summarizes the projects, work streams and activities the IESBA plans to undertake during the strategy period and, where appropriate, when each project, work stream or activity is expected to commence and when it is expected to be completed.

95 Appendix 3 presents an *illustrative* work plan indicating possible milestones or deliverables within each of the five years in the new strategy period.

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[11] Proposed ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements.*

[12] Proposed ISQM 2, *Engagement Quality Reviews.*

[13] Proposed International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial statements.*

[14] Proposed International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-upon Procedures Engagements.*

[15] For example, the International Association for Accounting Education and Research (IAAER), the American Accounting Association (AAA), the European Accounting Association (EAA), and the European Auditing Research Network (EARNet).

PRE-COMMITMENTS | APPENDIX 1

COMMITMENT	DESCRIPTION
1. NAS	In December 2017, following the completion of the project to review safeguards in the Code, the IESBA established a new NAS Working Group to explore the broad issues relating to NAS, in particular those relating to permissibility that were raised by regulatory respondents to the Safeguards Exposure Draft and the PIOB. At its September 2018 meeting, the IESBA approved a new project after holding a series of four global roundtables in Washington DC, Paris, Tokyo and Melbourne in June and July 2018 to obtain stakeholder input to help frame the scope and potential direction of the project.
	The objective of the project is to ensure that all the NAS provisions in the Code are robust and of high quality for global application, thereby increasing confidence in the independence of audit firms.
	The project scope will encompass the International Independence Standards related to the provision of NAS to audit clients.
2. Fees	The IESBA's Strategy and Work Plan 2014-2018 included a commitment to explore fee-related matters raised by the regulatory community to determine whether there is a need for further enhancements to the Code or the commissioning of staff guidance.
	Following fact finding, the IESBA approved a project on the topic in September 2018.
	The objective of the project is to review the provisions in the Code as these pertain to fee-related matters within the project scope, and recommend any changes considered necessary for the Code to remain robust and appropriate in enabling PAs to meet their responsibility to comply with the fundamental principles and, where applicable, be independent.
	The project scope encompasses the following specific areas:
	(a) A review of the provisions in Part 3 of the Code with respect to the level of audit fees for individual audit engagements, and in Part 2 in considering the role of PAIBs in approving the level of audit fees;
	(b) A review of the provisions in Part 4A of the Code with respect to (total) fee dependency at a firm, office and partner level for all audit clients, including considering the introduction of a specific threshold for audit clients which are not PIEs ; and
	(c) A review of the safeguards in the Code pertaining to the scope of this project.
3. Promoting the Role and Mindset Expected of Professional Accountants (formerly Professional skepticism)	Following fact finding and other work to explore how best to respond to calls from the PIOB and certain stakeholders to address the applicability of the concept of professional skepticism to all PAs, the IESBA approved a project in September 2018.
	The objective of the project is to ensure that the Code promotes the role, mindset and behavioral characteristics expected of all PAs when performing their professional activities.
	The scope of the project will involve the consideration of and, as appropriate, the development of Part 1 of the Code, and other material to:
	(a) Describe the role, mindset and behavioral characteristics expected of all PAs when performing their professional activities (Section 100);
	(b) Explain the linkage between the role, mindset and behavioral characteristics expected of PAs, on the one hand, and, on the other hand, the fundamental principles (Section 110) and the conceptual framework (Section 120); and
	(c) Address threats to compliance with the fundamental principles arising from bias, pressure and other impediments, together with appropriate supporting materials.

COMMITMENT	DESCRIPTION
4. Consistency of Part 4B of the restructured Code with ISAE 3000 (Revised).	During the project to restructure the extant Code, the IESBA identified a need to review Part 4B of the restructured Code for any changes needed to make the provisions in that section consistent with ISAE 3000 (Revised). To avoid delaying completion of the Structure of the Code project, the IESBA agreed to defer this review until after completion of the restructuring project. At its September 2018 meeting, the IESBA approved the new project.
	The objective of the project is to:
	(a) Align the terms and concepts used in Part 4B with the terms and concepts in ISAE 3000 (Revised); and
	(b) Make any consequential amendments that are necessary to ensure the clarity and consistency of the resulting requirements and guidance.
5. Development of the e-Code	This involves leveraging the new structure of the Code and developments in technology to implement features and tools to increase the accessibility, visibility and ease of use of the Code, leveraging appropriate digital platforms. The e-Code will replace the web-based version of the Code, which has basic search functionality, hyperlinked sections and pop-up definitions of key terms. Development work progressed in 2018. The first phase of the e-Code is expected to be completed by around June 2019.
6. NOCLAR implementation review	In April 2016, the IESBA finalized the provisions in the Code addressing the topic of non-compliance with laws and regulations (NOCLAR). The new provisions came into effect July 15, 2017. In completing that project, the IESBA committed to undertake an implementation review to assess how effectively the implementation of the provisions around the world is meeting the objectives of the project.
7. Long association implementation review	In December 2016, the IESBA finalized revisions to the provisions in the Code addressing the long association of firm personnel with an audit or assurance client. These provisions have been redrafted to align with the new structure and drafting conventions of the Code and are included in the restructured Code.
	In completing the revisions project, the IESBA committed to review the new provisions to take account of, among other matters, relevant legislative or regulatory developments relating to other regimes around the world intended to address long association (including mandatory firm rotation and mandatory retendering) as well as experience of the application of the new provisions in practice.

PROJECTS, WORK STREAMS AND ACTIVITIES FOR 2019-2023 | APPENDIX 2

PROJECT/WORK STREAM/ACTIVITY	SCOPE	EXPECTED START	EXPECTED COMPLETION[16]
Advancing the Code's Relevance and Impact *MAINTAINING A GLOBAL CODE FIT FOR PURPOSE IN THE EVOLVING ENVIRONMENT*			
New Work Streams Trends and Developments in Technology • *Gather an understanding of the transformative effects of trends and developments in technology on the assurance, accounting and finance functions, and explore their ethical implications.*	Whole Code (PAPPs and PAIBs)	Commenced Q2 2018	Phase 1 report on fact finding and recommended way forward: Q4 2019 Deliverables subject to fact finding and working group recommendations Phase 2: deliverables and timing to be informed by Phase 1 report
Emerging or Newer Models of Service Delivery • *Explore the ethical implications of emerging or newer models of service delivery such as managed services that firms may provide or outsourced services that firms may use, and the related ethical implications for any PAIBs who are involved in decisions about such services.*	Part 3 applicable to PAPPs, and International Independence Standards (IIS)	Commencing Q1 2020	Report on fact finding and recommendations: Q4 2020 Deliverables subject to fact finding and working group recommendations
Ongoing Activity Emerging issues • *Consider emerging issues brought forward by the EIOC and determine appropriate actions.*	Ongoing		
Advancing the Code's Relevance and Impact *RAISING THE BAR ON ETHICS*			
Pre-commitments Promoting the Role and Mindset Expected of Professional Accountants • *Explore how best to respond to calls from the PIOB and certain stakeholders for enhancement to the exercise of the concept of "professional skepticism" among all categories of PAs in the Code.*	Whole Code (PAPPs and PAIBs)	Project approved Q3 2018	Q4 2020
NAS • *Review the independence provisions in the Code applicable to the provision of NAS to audit and assurance clients from a broad permissibility perspective.*	IIS	Project approved Q3 2018	Q1 2021
Fees • *Explore fee-related matters raised by the regulatory community to determine whether there is a need for further enhancements to the Code or the commissioning of staff guidance.*	Part 3 of the restructured Code applicable to PAPPs, and IIS	Project approved Q3 2018	Q1 2021

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[16] The actual completion date may vary depending on the progress of the project or work stream and the need to follow due process.

PROJECT/WORK STREAM/ACTIVITY	SCOPE	EXPECTED START	EXPECTED COMPLETION[16]
Part 4B Consistency with ISAE 3000 (Revised) • *Review Part 4B of the restructured Code for any changes needed to make the provisions in that section consistent with the assurance terms and concepts in ISAE 3000 (Revised).*	IIS	Project approved Q3 2018	Q1 2020
New Work Streams **Definitions of Listed Entity and Public Interest Entity** • *Explore whether the definitions of these two terms should be revised and the implications of any changes on how the Code addresses listed entities and PIEs.*	IIS	Project proposal Q2 2021	Q1 2023
Materiality • *Consider whether greater clarity is needed regarding how the concept of materiality should be applied across the Code.*	Whole Code (PAPPs and PAIBs)	Project proposal Q1 2021	Q4 2022
Tax Planning and Related Services • *Obtain an understanding of developments in tax planning by companies and related professional services, and explore the associated ethical questions to which they give rise to determine the nature and extent of any response.*	Whole Code (PAPPs and PAIBs)	Fact finding commencing Q2 2019	Report on fact finding and recommendations: Q3 2020 Deliverables subject to fact finding and working group recommendations
Documentation • *Review the nature, extent and location of material relating to documentation in the Code to determine how they can be streamlined and, where appropriate, strengthened.*	Whole Code (PAPPs and PAIBs)	Project proposal Q2 2023	2025
General Maintenance of the Code • *Address the need for limited scope changes to the Code of a general maintenance nature.*	Whole Code (PAPPs and PAIBs)	Ongoing	
Deepening and Expanding the Code's Influence			
Pre-commitments **E-Code** • *Leverage the new structure of the Code and developments in technology to develop a web-based tool with "app-like" features and functionalities to increase the accessibility, visibility and ease of use of the Code.*	Whole Code (PAPPs and PAIBs)	Phase 1 commenced Q1 2018 Phase 2 commencing Q3 2019	Phase 1: Q2 2019 Phase 2: Q3 2020
NOCLAR Implementation Review • *Review how effectively the implementation of the NOCLAR provisions around the world is meeting the objectives of the project.*	Parts 2 and 3 (PAIBs and PAPPs, respectively)	Fact finding commencing Q2 2023	Final report 2024

PROJECT/WORK STREAM/ACTIVITY	SCOPE	EXPECTED START	EXPECTED COMPLETION[16]
Long association Implementation Review • *Review the implementation status of the five-year cooling off requirement for engagement partners on audits of PIEs, and any issues arising from the implementation of such requirement before the expiry of the transition period for the jurisdictional provision (Phase 1).* • *Review how effectively the other revised long association provisions in the Code are being implemented in practice (taking into account legislative or regulatory developments relating to other regimes around the world intended to address long association, such as mandatory firm rotation and mandatory retendering) (Phase 2)*	IIS	Phase 1: Fact finding commencing Q3 2020 Phase 2: Fact finding commencing Q2 2023	Phase 1: Final report Q3 2021 Phase 2: Final Report 2024
New Work Stream Implementation Review of the Restructured Code • *Undertake an implementation review of the restructured Code with a view to assessing whether its implementation around the world is effectively meeting the objectives of the restructuring project.*	Whole Code (PAPPs and PAIBs)	Fact finding commencing Q2 2023	Final report 2025
Ongoing Activities Promoting Global Adoption of the Restructured Code • *Undertake outreach efforts to raise awareness of the significant improvements in the restructured Code and promote its global adoption.*		Commenced Q2 2018	Q2 2019
Monitoring and Documenting the Extent of Adoption of the Code	Ongoing		
Developing and executing a robust communication strategy	Ongoing		
Pursuing a proactive stakeholder outreach agenda	Ongoing		
Commissioning the development of appropriate staff publications in support of adoption and implementation (in addition to initiatives to roll out the restructured Code)	Ongoing		
Expanding the IESBA's Perspectives and Inputs			
Coordination with Other Standard-setting Boards Engage in close coordination with the IAASB and IAESB on topics or areas that overlap the remits of the two boards.	Ongoing (Capacity reserved for coordination work streams)		
Ongoing Activities • Seek to extend and deepen engagement and cooperation with stakeholders, including NSS, regulators and audit oversight bodies, and firms. • Speak out on ethics-related developments that have the potential to lead to greater divergence in standards, and seek to influence debates towards greater international convergence. • Engage 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. • Proactively engage with the academic community.	Ongoing		

SUMMARY ILLUSTRATIVE IESBA WORK PLAN 2019-2023[17] | APPENDIX 3

WORK STREAM	ANTICIPATED DEMAND ON BOARD PLENARY TIME	MILESTONE OR DELIVERABLE				
		2019	2020	2021	2022	2023
Advancing the Code's Relevance and Impact *MAINTAINING A GLOBAL CODE FIT FOR PURPOSE IN THE EVOLVING ENVIRONMENT*						
Technology	High	Phase 1 report	Subject to Working Group report and recommendations			
Service delivery models	High		Final report	Subject to Working Group report and recommendations		
EIOC	Low	Discussion	Discussion	Discussion	Discussion	Discussion
Advancing the Code's Relevance and Impact *RAISING THE BAR ON ETHICS*						
Role and Mindset	Medium	ED	Final pronounce-ment			
NAS	High	ED		Final pronounce-ment		
Fees	High	ED		Final pronounce-ment		
Part 4B vs ISAE 3000	Low	ED	Final pronounce-ment			
Definitions – Listed Entity and PIE	Medium			Project proposal	ED	Final pronounce-ment
Materiality	Medium			Project proposal and ED	Final pronounce-ment	
Tax planning	High	Fact finding	Working Group report and recommend-ations	Subject to Working Group report and recommendations		
Documentation	Medium					Project proposal
General maintenance	Low	TBD	TBD	TBD	TBD	TBD

[11] This *illustrative* work plan is only intended to indicate at a broad level possible milestones or deliverables for various projects and initiatives based on considerations at the time this SWP is finalized. The nature and timing of milestones and deliverables may change.

WORK STREAM	ANTICIPATED DEMAND ON BOARD PLENARY TIME	MILESTONE OR DELIVERABLE				
		2019	2020	2021	2022	2023
Deepening and Expanding the Code's Influence						
E-Code	Low	Finalize Phase 1	Finalize Phase 2			
LA implementation review – Phase 1	Low		Fact finding	Working Group report and recommend-ations		
Implementation review restructured Code	Medium					Fact finding
LA implementation review – Phase 2	Low					Fact finding
NOCLAR implementation review	Low					Fact finding
Promote global adoption (including annual update to IESBA)	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Monitor and document global adoption	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Action communication strategy	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Pursue stakeholder outreach	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Commission staff publications	Low	TBD	TBD	TBD	TBD	TBD

WORK STREAM	ANTICIPATED DEMAND ON BOARD PLENARY TIME	MILESTONE OR DELIVERABLE				
		2019	2020	2021	2022	2023
Expanding the IESBA's Perspectives and Inputs						
Coordination with IAASB and IAESB	Medium	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Extend stakeholder engagement	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Speak out on ethics	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Other						
Strategy and Work Plan 2019-2023				Mid-cycle strategy review		