

July 12, 2018

Mr. Stavros Thomadakis  
Chairman  
International Ethics Standards Board for Accountants  
529 Fifth Avenue  
New York, NY 10017

Submitted via the [IESBA website](#)

**Re: IFAC PAIB Committee response to the IESBA Proposed Strategy and Work Plan, 2019 - 2023**

Dear Stavros,

Following on from our meeting in London in February, I am pleased to offer the high-level input of the IFAC PAIB Committee on the proposed IESBA strategy and work plan 2019-2023.

We fully support the IESBA's vision. The Code is the foundation of professional ethics that helps to underpin trust in the profession, and particularly the professionalism of accountants in business and the public sector. To this end, the Code needs to be fit for purpose for professional accountants in business. The PAIB Committee supports the IESBA in trying to ensure this is the case through your various projects and regular engagement with the committee and PAIBs.

One significant area where the Code can be more relevant is professional skepticism (PS). As you are aware, the PAIB Committee believes that the concept of PS, as well as professional judgement, should be applied by all professional accountants regardless of where they are employed given their professional status and influence in the financial reporting supply chain. We fully agree that the IESBA can raise the bar on professional skepticism and ensure that the Code explicitly applies the concept to all accountants. However, as a result of its current consultation, Professional Skepticism, Meeting Public Expectations, The IESBA could inadvertently embark on subsequent actions that do not necessarily lead to a strengthened Code. It will be very important to ensure that you end with an outcome where it is clear how PS is demonstrated by accountants in business.

We agree that it will be important to test the Code for relevance in a changing environment reflecting various key trends including

1. Some of the work of accountants being automated and increasingly unseen or hidden by technology
2. Data, insights and recommendations generated by machines using machine learning and artificial intelligence (creating a black box of analysis and interpretation)



3. The expectation on accountants to be able to account for the business rather than just the financials. Integrated thinking and reporting is leading to communication and measurement of more subjective areas, and other capitals that are critical to the delivery of value creation in the long-term.

On the impact of technology, the PAIB Committee can contribute either directly or through the IFAC Technology Advisory Group where Sanjay Rughani, the Committee's deputy chair, is a member.

*Expanding the Code's Relevance*

The Code is the global benchmark for professional accountancy organizations and firms. We support the IESBA in its work to raise awareness of the restructured Code. In terms of developing practical resources on how to deal with ethical matters, we encourage PAOs with the support of IFAC providing practical material to support members.

Thank you for the reference in the consultation to engaging closely with the PAIB Committee to expand the IESBA's perspectives and inputs. We certainly stand ready to contribute to the IESBA's thinking on PAIB related matters. Specifically, we seek to support the IESBA task force on professional skepticism, and provide input on those areas, such as auditor communication with those charged with governance, and those new areas of focus arising from the changing environment, where there is strong connectivity between auditors and professional accountants working in different corporate roles.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Charles Tilley'. The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Charles Tilley  
Chair  
IFAC Professional Accountants in Business Committee