

Strategy and Work Plan 2014-2018—Mid-cycle Status Report

| # | Topic | Nature of Commitment | KPIs | Status |
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| Maintaining a high-quality Code of Ethics for application by PAs globally | | | | |
| 1. | NOCLAR | Develop appropriate requirements and guidance for professional accountants regarding how to respond in situations where they encounter suspected non-compliance with laws and regulations | <ul style="list-style-type: none"> Final NOCLAR provisions approved, drafted under extant structure conventions | <ul style="list-style-type: none"> Achieved – approved April 2016; released July 2016 |
| 2. | Long association | Review the long association provisions in Section 290 of the Code to ensure that they continue to provide robust and appropriate safeguards against the familiarity and self-interest threats arising from long association with an audit client | <ul style="list-style-type: none"> Revised Long Association provisions approved, drafted under extant structure conventions | <ul style="list-style-type: none"> Achieved – close-off document approved December 2016 |
| 3. | Non-assurance services | <p>Review the non-assurance services provisions in Sections 290 and 291 of the Code to ensure that they continue to support a rigorous approach to independence for assurance services, particularly audits of financial statements.</p> <p>In particular, this work stream will focus on the following topics:</p> <ul style="list-style-type: none"> Additional guidance and clarification of the provisions in Section 290, Independence—Audit and Review Engagements, | <ul style="list-style-type: none"> Revised NAS provisions approved, drafted under extant structure conventions | <ul style="list-style-type: none"> Achieved – approved January 2015; issued April 2015 |

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| | | <p>addressing management responsibilities;</p> <ul style="list-style-type: none"> • Better guidance and clarification of the concept of “routine or mechanical” services relating to the preparation of accounting records and financial statements; and • A review of the emergency exception provisions in the Code pertaining both to accounting and bookkeeping services, and to taxation services. | | |
| 4. | Part C of the Code | <p>Undertake a review of Part C of the Code to ensure that its provisions as they apply to PAIBs remain appropriate and are robust.</p> <p>In particular, this work stream will focus on the following topics:</p> <ul style="list-style-type: none"> • Pressure by superiors and others to engage in unethical or illegal acts (Phase I); • The responsibility of PAIBs to produce financial reports that are faithful representations of the economics of transactions, and associated matters (Phase I); and • Facilitation payments and bribes (Phase II). | <ul style="list-style-type: none"> • Revised Part C approved, drafted under extant structure conventions | <ul style="list-style-type: none"> • Phase I achieved – close-off document approved December 2015 • Applicability proposals on track for approval December 2017 • Phase II on track for finalization by Q2 2018 |
| 5. | Safeguards | <p>Review the safeguards throughout the Code from the perspectives of appropriateness and effectiveness, and consider whether changes should be made, including whether additional</p> | <ul style="list-style-type: none"> • Revised Safeguards provisions (Phases 1 and 2) approved, drafted under | <ul style="list-style-type: none"> • Phase I achieved – revised provisions agreed in principle December 2016 |

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| | | safeguards should be specified or whether existing safeguards should be removed | new structure conventions | <ul style="list-style-type: none"> Phase II on track for finalization by December 2017 |
| 6. | Audit quality | Consider the need for appropriate action to complement any actions the IAASB may undertake to contribute to enhancing audit quality. | <ul style="list-style-type: none"> Clear outcomes identified for the Code from participation in joint IAASB–IESBA-IAESB professional skepticism initiative | <ul style="list-style-type: none"> In progress Ongoing coordination with IAASB on other cross-over topics. |
| Promoting and facilitating the adoption and effective implementation of the Code | | | | |
| 7. | Structure of the Code | Review the structure of the Code to improve its clarity and usability, thereby facilitating adoption, effective implementation and enforcement | <ul style="list-style-type: none"> Restructured Code approved Design for e-Code drawn up | <ul style="list-style-type: none"> Phase I achieved – restructured provisions agreed in principle December 2016 Phase II on track for finalization by December 2017 E-Code design targeted for Q1 2018 |
| 8. | Compliance with the Code and related matters | Engage with regulatory stakeholders to better understand their concerns regarding compliance with the Code and related matters, and to communicate the Board's views on those topics | <ul style="list-style-type: none"> Nature and extent of key differences between the Code and national ethical requirements in G-20 and major financial centers documented (including where possible the reasons for the differences) | <ul style="list-style-type: none"> In progress |

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| | | | <ul style="list-style-type: none"> Appropriate actions identified in response to (a) the above, and (b) the outcomes of engagement with regulatory stakeholders | |
| 9. | Status of global adoption of IESBA Code | Continue to monitor and document the extent of global adoption of the Code | <ul style="list-style-type: none"> Definitions of categories of adoption finalized Global adoption data refined based on definitions | <ul style="list-style-type: none"> In progress Coordination with IFAC Compliance Advisory Panel |
| 10. | Outreach | Pursue active stakeholder outreach agenda | <ul style="list-style-type: none"> Outreach strategy developed and executed (outreach strategy to include actions to promote adoption of the Code in G-20 countries that are not yet adopters) Project-specific outreach undertaken as needed Communication strategy developed and executed | <ul style="list-style-type: none"> In progress, including country outreach |
| 11. | Post-implementation review | Subject to feedback from stakeholders and the EIOC, consider whether there is a need to gather information from relevant stakeholders such as regulators, firms and those charged with governance regarding how effectively selected aspects of specific standards are | <ul style="list-style-type: none"> With input from EIOC, explore appropriateness of initiating a post-implementation review of specific aspects of the Code | <ul style="list-style-type: none"> On track with commitments to review NOCLAR and Long Association provisions post-implementation |

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| | | being implemented in practice | | |
| 12. | Implementation support | Consider the development of appropriate staff publications in support of adoption and effective implementation of the Code and to raise awareness and understanding of the Code among investors and other stakeholders | <ul style="list-style-type: none"> Staff publications published to respond to identified issues | <ul style="list-style-type: none"> On track with staff publications on Fees (issued January 2016), NOCLAR (issued over period Q2 2016 – Q2 2017), and Long Association (Q&As in progress) |
| Evolving the Code for continued relevance in a changing global environment | | | | |
| 13. | Collective investment vehicles | Review the application of the “related entity” definition in the Code to CIVs when firms audit the underlying funds, the sponsor/advisor of the funds, or both, and consider whether changes are needed or whether further guidance should be developed | <ul style="list-style-type: none"> Research initiated for purposes of defining issues as basis for considering merits of a standard-setting project | <ul style="list-style-type: none"> Targeting Q2 2018 for start of research work after completion of restructuring of the Code |
| 14. | Fee-related matters | Explore fee-related matters raised by the regulatory community and determine whether there is a need for further enhancements to the Code or the commissioning of staff guidance | <ul style="list-style-type: none"> Research initiated and issues specification completed, potentially leading to a project proposal | <ul style="list-style-type: none"> On track with initial report on review of academic and other literature delivered December 2016 Further work in progress |
| 15. | Emerging issues | Consider emerging issues brought forward by the EIOC and determine appropriate actions | <ul style="list-style-type: none"> Specific actions identified as a result of EIOC work | <ul style="list-style-type: none"> In progress <ul style="list-style-type: none"> Topics of meaning of “public interest” and aggressive tax avoidance included in |

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| | | | | strategy survey |
| 16. | Emerging issues | Consider the need for further Board deliberation on the topic of a professional accountant's responsibility to act in the public interest | <ul style="list-style-type: none"> Specific actions identified as a result of EIOC's monitoring of this topic | <ul style="list-style-type: none"> Further consideration taken up as part of development of next SWP |
| Increasing engagement and cooperation with key stakeholders | | | | |
| 17. | Outreach | Actively liaise with key stakeholders, including international regulators and auditor oversight bodies such as IOSCO and IFIAR, NSS, firms (including SMPs), PAIBs and other stakeholders | <ul style="list-style-type: none"> Development and execution of outreach strategy Close working relationship established with leaderships of key regulatory organizations, including Monitoring Group, IOSCO, IFIAR, EC and BCBS | <ul style="list-style-type: none"> On track |
| 18. | Outreach | Speak out more on ethics-related developments that have the potential to lead to greater divergence in standards, and seek to influence debates towards greater international convergence | <ul style="list-style-type: none"> Board or staff responses to selected EDs and consultation papers of other organizations such as INTOSAI Active participation in global forums on ethics-related matters | <ul style="list-style-type: none"> On track Specific input provided to PIOB strategy 2017-2019 consultation; development of INTOSAI's revised Code of Ethics; Financial Services Professional Board's Exposure Draft of proposed code of ethics for financial services industry |

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| 19. | Targeted stakeholder engagement | Explore deeper cooperation opportunities with key stakeholders, particularly NSS | <ul style="list-style-type: none"> • Discussion progressed with NSS to identify specific collaboration opportunities | <ul style="list-style-type: none"> • In progress |
| 20. | Targeted stakeholder engagement | Liaise with the regulatory community, and in particular IOSCO and BCBS, to seek a better understanding of the nature of regulatory concerns regarding the Code's definition of a PIE and consider the need to reexamine the definition | <ul style="list-style-type: none"> • Discussion progressed with IOSCO, BCBS and other stakeholders to understand nature of issues regarding the definition of a PIE | <ul style="list-style-type: none"> • In progress; further consideration taken up as part of development of next SWP |
| 21. | Targeted stakeholder engagement | Develop and strengthen links with the academic community | <ul style="list-style-type: none"> • Connections established with major academic groups, such as AAA, EAA and IAAER • Input from academic community, including research on specific topics and feedback on IESBA EDs and consultation papers | <ul style="list-style-type: none"> • Review of academic research commissioned on topic of fees • Ongoing IESBA representation at Board and staff levels at academic conferences, including AAA meetings • Further actions to be considered |