

# IESBA's Proposed Strategy and Work Plan 2024 – 2027

A public consultation issued by the IESBA

Comments from ACCA to the IESBA

7 July 2023

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## GENERAL COMMENTS:

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ACCA welcomes the IESBA's Proposed Strategy and Work Plan 2024 – 2027 and commends the IESBA for its continuous work in updating the Code, such as for example, its recent revisions in relation to Technology, recognising the current landscape of the accountancy profession and the importance of having a Code of Ethics that remains relevant.

We are also very pleased that following the IESBA's public commitment to readying global ethics (including independent standards) to respond timely to developments regarding sustainability, the sustainability work stream was established with two projects already ongoing.

As we noted in our response to the IAASB's Strategy and Work Plan 2024-2027, which is clearly relevant to the IESBA's Strategy and Work Plan 2024-2027, notwithstanding the strong progress, our stakeholders are highlighting the need for a balanced approach between a stable platform and being responsive to public interest demands, to allow sufficient time for due process and implementation.

## SPECIFIC COMMENTS:

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### 1. Do you agree with the IESBA's Proposed Strategic Drivers (see pp. 9-13)?

Yes, we agree with the Proposed Strategic Drivers.

### 2. Do you agree with the IESBA's Proposed Strategic Themes and Proposed Strategic Actions (see pp.13-18)?

Yes, we agree with the Proposed Strategic Themes and Proposed Strategic Actions.

### 3. Do you support the IESBA considering the topics set out in Table B as potential work streams (see pp. 22-24)?

**If so, please also share your views on any specific issues or questions you believe the IESBA should consider under these topics. If not, please explain your reasons.**

In our view, the IESBA should prioritise amongst those topics the Definitions and Description of Terms. This is particularly important, in light of the accelerated development of the ED-ISSA 5000 by the IAASB which was recently approved for public consultation. This acceleration is likely to create inconsistencies with definitions and description of terms given that the IESBA's Sustainability workstreams are only targeting an exposure draft approval by Q4 2023. We understand that the IESBA and IAASB are in close co-ordination, particularly when it comes to their respective sustainability related projects, however, we suggest that a specific work stream focusing on definitions and description of terms will likely address any inconsistencies at an early stage. For example, the definition of sustainability information is currently different in ED-ISSA 5000 to the proposed definition used by the IESBA Code under the IESBA's Sustainability Project at this stage.

While we don't disagree with the other identified projects listed in table B, in our view the work plan should include some flexibility for future projects in relation to sustainability. For example, the board may consider updating the Code (including independence standards) for non-accountants who act as preparers of sustainability reports given that the current ongoing Sustainability project focuses on non-accountants that provide sustainability assurance.

See also our response to Q4 below.

4. Do you believe the IESBA should accelerate or defer any particular, ongoing, potential or pre-committed work stream(s) set out in Tables A, B and C? Please explain your reasons.

### **Ongoing work streams**

We believe that the IESBA should continue working on its ongoing projects. In particular, the Sustainability and Use of Experts projects are responsive to significant public interest issues.

#### *Sustainability*

Both the work stream focusing on independence issues relating to sustainability assurance by all sustainability assurance practitioners (i.e., profession agnostic), as well as the work stream focusing on specific ethics provisions relevant to sustainability reporting and assurance engagements, are of significant importance given that it is responsive to accelerated regulations governing sustainability reporting and assurance. For example, in the EU, in light of the Corporate Sustainability Reporting Directive, the Member States will have the option to open up the market for sustainability assurance to non-accountants. Therefore, having a Code including independence standards that is profession agnostic comes at the right time complementing regulatory implementation.

#### *Use of experts*

Similarly, the use of experts project aims to address issues relating to ethics and independence relating to the use of experts in audit, sustainability and other assurance engagements as well as the with the use of experts in preparation of financial and non-financial information and in the provision of other services. ACCA's recent publication [Sustainability Assurance – rising to the challenge](#) found that when it comes to sustainability assurance we can expect an unprecedented use of experts and standards setters need to take that into consideration when they update their future standards.

#### *Post-Implementation Review – NOCLAR*

The NOCLAR revisions were significant with the standard becoming effective in July 2017, hence it is very important to proceed with a post implementation review which will assess whether the objectives were met and areas where further guidance or future standard-setting activity might be needed. For example, practitioners often face challenges in complying with NOCLAR provisions of the Code where local jurisdictions lack regulatory framework (i.e., when there are no whistleblowing protection provisions in local regulations).

#### *Collective Investment Vehicles (CIVs), Pension Funds and Investment Company Complexes*

With respect to this project, our view is that while it is an important topic, the Definitions and Description of terms is a more pressing topic for the reasons outlined in our response to Q3 and below where we discuss the potential work streams. We therefore suggest postponing the work on CIVs and accelerating the work on Definitions and Description of Terms.

### **Potential work streams**

#### *Definitions and Description of Terms*

Following from our response to Q3, in our view, the IESBA should consider accelerating its potential work stream on Definitions and Description of Terms, particularly, in light of the accelerated development of the ED-ISSA 5000 by the IAASB which was recently

approved for public consultation. We understand that the IESBA and IAASB are in close co-ordination particularly when it comes to their respective sustainability related projects, however, we believe that a specific work stream focusing on definitions and description of terms will likely address any inconsistencies at an early stage. For example, the definition of sustainability information is currently different in ED-ISSA 5000 with the proposed definition used by the IESBA Code under the IESBA's Sustainability Project at this stage

Furthermore, while we don't disagree with the other identified projects listed in table B, in our view the work plan should include some flexibility for future projects in relation to sustainability even if that would require postponing some of the other projects listed in table B. This also includes the development of NAM, which will very likely be needed, particularly for non-accountants wishing to comply with the provisions of the Code following the completion of the Sustainability work streams.

### **Pre-committed work streams**

While we understand that the Post-Implement Review – NAS and Fees will require a high demand on resources, in our view the IESBA should prioritise this over the other projects listed as pre-committed work streams. This is likely to help identify the reasons behind the challenges faced by practitioners to comply with these provisions and help identify areas for future revisions or the need for development of NAM.

Similarly, we believe that the IESBA should prioritise the post-implementation review of the restructured Code, helping to obtain insights on whether the objectives of the project, such as usability, translatability and application were met. This post-implementation review is also of particular importance given its direct link with the proposed operational driver for further increasing global adoption of the Code and supporting its implementation, as well as, with the proposed strategic theme – widening the influence of IESBA's standards through a continued focus on adoption and implementation.

- 5. Are there other topics that the IESBA should consider as potential new streams? If so, please indicate whether these topics are more important than the topics identified in Table B (see pp.22-24), and the needs and interests that would be served by undertaking work on such topic(s).**

Please refer to our response to question 3 above.

- 6. The IESBA's proposed Strategy and Work Plan emphasizes the importance of close coordination with its sister-Board, the IAASB. Do you have views or suggestions as to how coordination could be enhanced to better serve the public interest?**

As we noted in our response to the IAASB's Strategy and Work Plan, we agree with the continuous importance placed on the close coordination between IAASB and IESBA as noted in both the IAASB/IESBA's Strategy and Work Plans.

However, linked to the point we have raised regarding a stable platform, the IAASB and IESBA should also reflect on the fact that many stakeholders responding to IAASB and IESBA consultations are the same and therefore both Boards should factor that in when considering open consultations for public comment. An approach that has worked in the past was to incorporate questions that are of relevance to the IAASB in IESBA's open consultations and vice versa, enabling both Boards to obtain views without issuing additional consultation papers.

- 7. Do you have comments on any other matters addressed in this Consultation Paper or any significant matters not covered that you believe IESBA should consider in finalizing the SWP 2024-2027.**

No, there are no further matters we would wish to highlight.