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Submitted electronically to www.ethicsboard.org

Brussels, 3 July 2023

Dear Gabriela,

Response to the International Ethics Standards Board for Accountants (IESBA) Consultation Paper, Proposed IESBA Strategy and Work Plan, 2024-2027

EFAA appreciates the opportunity to provide our comments to the [IESBA Strategy and Work Plan, 2024 - 2027 Consultation Paper](#).

The European Federation of Accountants and Auditors for SMEs (EFAA) represents accountants and auditors providing professional services primarily to SMEs both within the European Union and Europe as a whole. Constituents are mainly small practitioners (SMPs), including a significant number of sole practitioners. EFAA's members, therefore, are SMEs themselves, and provide a range of professional services (e.g., audit, accounting, bookkeeping, tax, and business advice) to SMEs. EFAA currently represents 15 national accounting, auditing, and tax advisor organisations with more than 380,000 individual members.

GENERAL COMMENTS

EFAA is concerned to ensure that policy, regulation, and professional standards are scalable and **both** proportionate to the capacities of SMPs and their SMEs clients **and** tailored to the needs and characteristics of SMPs and SMEs. We strongly prefer a 'Think Small First' approach, developing straightforward regulation and professional standards, including for ethics, for SMEs and SMPs and then scaling up to suit larger, more complex engagements, companies, and accountancy practices.

Previously we [responded](#) to the IESBA Strategy Survey 2022 (see our response) and participated in the Paris and New York [IESBA 2023 Global Roundtables on Sustainability](#). This response is based on our survey response and interventions at the roundtables while being shaped by what we heard from other survey respondents and event participants.

QUESTIONS IN CONSULTATION PAPER

Strategic Drivers, Themes and Actions

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

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)?

We agree with the proposed strategic themes and proposed strategic actions.

We welcome IESBA's explicit commitment in paragraph 42 to continue to engage with SMPs to guide its considerations of proportionality in developing the standards, among other matters of relevance to the SMP community. We look forward to helping IESBA deliver on this promise. •We also urge the IESBA to consider whether the desire for, and actions to ensure, scalability and proportionality of the Code demand more visibility and emphasis in the document. Scalability is not mentioned at all.

We have some further suggestions for the IESBA's consideration:

- *Paragraphs 29 (table) and 30 – refers to 'Rapidly Growing Market Demand for Sustainability Information'. We suggest the text is modified to align with the wording of the environmental drivers (paragraph 8-10) and say, 'Rapidly Growing Market and Public Demand for Sustainability Information' (and make appropriate conforming changes to the supporting text). IESBA might also wish to briefly mention, either here or in paragraphs 8-10, the fact that millions of SMEs that may not be directly required to report stand to be impacted as the adoption of impact materiality demands value chain reporting.*
- *Paragraph 43 – refers to "the proper functioning and sustainability of financial markets and economies". We suggest this aligns with the wording of the vision (paragraph 2) and say, "the proper functioning and sustainability of organizations, financial markets and economies worldwide." This wording scopes in organizations like SMEs that are not active in, or associated with, financial markets.*

Proposed Work Plan for 2024 – 2027

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.

We generally support the IESBA considering the topics set out in Table B as potential work streams.

We question the need for 'Role of CFOs and Other Senior PAIBs' as this addresses a niche group of PAs.

We welcome 'Custody of Data' and 'Communication with Those Charged with Governance' owing to their becoming increasingly relevant with the exponential growth in the incidence and robustness of sustainability reporting and assurance.

We also welcome 'Definitions and Descriptions of Terms' as this will help ensure alignment with the IAASB's standards and help make translations easier.

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.

We believe some projects can be deferred and the resources reinvested in sustainability work streams to ensure the quality and timeliness of their deliverables in 2024-2025.

In Table A we suggest the information gathering for 'Collective Investment Vehicles, Pension Funds & Investment Company Complexes' and 'Post-Implementation Review – NOCLAR' be deferred. Deferral of 'PIR-NOCLAR' will allow more experience to be accumulated.

In Table B we suggest 'Role of CFOs and Other Senior PAIBs' be deferred.

In Table C we suggest all PIR projects, including NOCLAR, run simultaneously in 2025-2027.

5. Are there other topics the IESBA should consider as potential new work 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).

We have no other topics for consideration.

Additional Information

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 between the IESBA and IAASB could be enhanced to better serve the public interest?

We support close coordination with the IAASB.

We reiterate comments made in our response to the IAASB Consultation Paper: The IAASB's Proposed Strategy and Work Plan for 2024-2027.

The Stakeholder Advisory Council (SAC) will go some way towards forging closer coordination. However, meaningful coordination can only really be achieved at the 'grassroots' level, from the bottom up. This means coordination at task force level. This might be facilitated by each task force, IESBA and IAASB, assigning a liaison person, a staff and / or Board member, from the other Board.

We have some other suggestions on how to ensure closer coordination:

- *Create a combined leadership superstructure consisting of the Managing Director, Professional Standards as well as the technical directors, chairs, and deputy chairs of both boards.*
- *Technical directors observe the meetings, or parts of the meetings, of the other board.*
- *Regular joint meetings as the CAGs have been doing (and the SAC will be).*
- *Joint / shared outreach events and meetings.*
- *Staff assigned, where possible, to work on projects for both boards.*

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

We have no further comments.



CONCLUDING COMMENTS

We trust that the above is clear but if you have any questions, please do not hesitate to contact us.

Yours faithfully,

Salvador Marin

President

Paul Thompson

Technical Director