

International Ethics Standards Board for Accountants
529 Fifth Avenue
New York
NY 10017
USA

6 July 2023

Comment letter relating to the Proposed IESBA Strategy and Work Plan, 2024-2027

Dear Board Members,

1. The Irish Auditing and Accounting Supervisory Authority (IAASA) appreciates the opportunity to comment on IESBA's consultation on its Proposed Strategy and Work Plan, 2024-2027 (CP).
2. In Ireland, the IESBA Code forms the basis for the Ethical Standard for Auditors (Ireland) issued by IAASA as well the code of ethics of each of the prescribed accountancy bodies. IAASA clearly sees an interest in enhancing the content of the IESBA Code, as it constitutes the basis for the ethical requirements with which auditors and accountants in Ireland are required to comply.

General comments

Clarity and enforceability

3. IAASA believes that the Code should continue to be clear and enforceable and allow for audits to be performed on a consistent basis. The Code should incorporate provisions designed to ensure appropriate and consistent auditor behaviour. It should include clear ethical principles along with clear requirements, to promote better ethical behaviour and outcomes.

Engagement with regulators and a wide range of stakeholders

4. IAASA welcomes IESBA's recognition of the need to work closely with regulators and oversight bodies, and encourages IESBA to consider enforcement challenges and perspectives when drafting its standards (ref. par. 21 CP). Addressing needs for clarity and the challenges faced by enforcement authorities when sanctioning inappropriate behaviour are key to increasing acceptance and use of the Code.
5. IAASA welcomes initiatives to reach out to a wide range of stakeholders, including those outside the accounting profession. In particular, providers of sustainability reporting assurance should be added to the IESBA's targets. IAASA also welcomes further involvement of investors and those charged with governance (ref. par. 42 CP) as involving those communities is pivotal to understanding their specific needs and challenges.
6. IESBA should provide clarity in its final Strategy and Work Plan on the actions it will undertake to promote use of the IESBA pronouncement related to sustainability reporting and/or associated assurance by other assurance services providers outside the accounting profession.

Coordination with other standards setters

7. IAASA supports the coordination of efforts among standard-setting organisations relevant to auditing. Of particular importance is IESBA's objective to align the Code with the International Auditing and Assurance Standards Board's (IAASB) standards to promote consistency and interoperability. Coordination of timetables between the two Boards will be essential to implementing the standards related to assurance on sustainability reporting.
8. Reaching out to professional standards setters and bodies issuing professional guides and standards might also be beneficial to facilitate further use of IESBA pronouncements on ethics for sustainability assurance.
9. The sustainability reporting standards applicable in Ireland and other EU countries will be those adopted by the European Commission. While IESBA's coordination with the International Sustainability Standards Board (ISSB) is welcome, IAASA encourages IESBA to take the work by other relevant standards setters in the field of sustainability reporting into consideration, especially the work of the European Financial Advisory Group (EFRAG) on the European Sustainability Reporting Standards (ESRS) (ref. par. 42 CP).

Global acceptance

10. The IESBA's objective of achieving global acceptance of the Code should not lead IESBA to adopt lower standards to maximise acceptance. IAASA stresses the importance of enhancing and strengthening the international independence standards to meet the public interest worldwide (ref. par. 33 CP).
11. Some stakeholders have called for IESBA to slow the pace of standard-setting and develop more non-authoritative material (to assist users in understanding the new provisions and applying them consistently). However non-authoritative material is not a suitable substitute for amendments to the Code. Such non-authoritative material does not have the same enforceability for regulators and so cannot replace a clear and robust Code.

Comments on the proposed work plan

Assurance on sustainability statements

12. IAASA strongly supports the IESBA project aimed at developing ethical provisions for assurance engagements on sustainability information for both auditors and other assurance providers. European law requires sustainability assurance providers to adhere to ethical principles equivalent to those that apply to statutory auditors in their performance of the audit. IESBA's proposals should include provisions for them which are equivalent to those applicable to accountants and auditors, and should not undermine the current provisions already applicable to auditors for audit engagements on financial statements.
13. Strengthening ethical provisions for the use of experts is also an area which will become crucial for sustainability reporting assurance and deserves IESBA's attention.
14. One of the critical factors for European adoption will be coverage of the European legal requirements set by the Corporate Sustainability Reporting Directive (CSRD) for auditors and other assurance services providers, as well consistency with the provisions of the ESRS.
15. Regarding the need to adhere to the set deadline for delivery, under the CSRD, assurance reports will be required on 2024 year end sustainability statements. Ethical provisions will also need to be in force then that apply to those engagements.
16. The "Summary Illustrative IESBA Work Plan 2024-2027" in appendix 3 of the CP indicates that, except for the rollout of the revisions to the Code at the start of 2025, no further milestones are planned beyond 2024. We expect further work will be required in the coming years and IESBA should ensure that the need to continue developing the Code for sustainability assurance is adequately reflected in the work plan.

Other projects

17. The project on collective investment vehicles does not appear to merit the same level of short term priority as sustainability assurance. Given its regulatory role, IAASA is most interested in IESBA projects that would enhance the provisions applicable to auditors or other assurance services providers.
18. IAASA will continue to support the actions taken by IESBA to monitor emerging developments, in particular developments in artificial intelligence techniques and tools, which are likely to impact the behaviour and work of auditors and may merit specific coverage in the Code.
19. On the non-assurance services post implementation review project, there are continuing concerns with respect to whether the “threat and safeguards” approach set out in the Code provides sufficient guidance for auditors to properly apply it. IESBA should assess whether the “threats and safeguards” approach in the Code should be supplemented with stricter prohibitions of certain non-assurance services for PIE auditors, such as those provided for in the EU Audit Regulation.

I hope that you find these comments useful. Please do not hesitate to contact me if you have any questions.

Yours faithfully



Kevin Prendergast

Chief Executive

Email kevin_prendergast@iaasa.ie