



**RSM International Limited**

50 Cannon Street  
London  
EC4N 6JJ  
United Kingdom  
T +44 207 601 1080  
rsm.global

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Mr Geoff Kwan  
IESBA Director  
International Ethics Standards Board for Accountants  
529 Fifth Avenue  
New York, NY 10017  
USA

Dear Mr Kwan

**Proposed IESBA Strategy and Work Plan 2024-2027**

RSM International Limited, a worldwide network of independent audit, tax, and consulting services firms focused on serving the middle market, appreciates the opportunity to comment on the IESBA's proposed Strategy and Work Plan 2024 – 2027.

We are broadly supportive of the proposed strategy and plan. In recent years, the IESBA has made significant changes to its Code of Ethics, particularly with respect to the International Independence Standards. While it is important that the IESBA continues to assess whether its standards should be updated, we think it is important that significant effort be put to ensuring application of the IESBA rules and global implementation and operability of the rules. The IESBA Code is a good framework to use to respond to the evolving landscape and we recommend that the IESBA consider developing non-authoritative materials to help PAs apply the IESBA Code rather than developing new requirements.

We have responded to the specific questions below. If you have any questions relating to our response, please contact me at [peter.oastler@rsm.global](mailto:peter.oastler@rsm.global).

Yours sincerely,

*Peter Oastler*

Peter Oastler  
Global Ethics and Independence Leader  
RSM International

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## **Specific Comments**

### *Strategic Drivers, Themes and Actions*

#### **1. Do you agree with the IESBA's Proposed Strategic Drivers?**

**Ans:** Yes. We agree with the Proposed Strategic Drivers. However, some of these drivers conflict with each other. On the one hand it is important that the IESBA continues to consider whether its standards should be changed to address the evolving landscape including the rapidly evolving market and the impact of technological transformations, particularly with the impact of Artificial Intelligence. On the other hand, we are concerned that the IESBA has made significant changes over recent years, particularly with respect to the International Independence Standards.

We are therefore supportive of the strategic drivers that focus on the quality, global acceptance of, and the global operability of, the IESBA Code of Ethics. We think it is important that time is given to enable recent changes to the requirements to be bedded in and become business as usual. To facilitate this, our view is that the IESBA should focus on training and communication and the development of non-authoritative material to facilitate the adoption of the Code internationally and the effective implementation of the Code by those that follow it.

We also believe that the IESBA should strive to facilitate/achieve consistency with the standards of regulatory bodies in the major jurisdictions that have well-established independence standards. If all organisations and service-providers of audits and other assurance engagements are held to the same standards internationally, this would likely help improve public understanding and trust.

We believe that the IESBA should invest time in understanding the reasons why some jurisdictions have not adopted the Code fully so that it can take action to encourage international adoption of the Code.

The IESBA Code covers a wide range of ethical issues, has different sections for Professional Accountants in independence depending on the service provided. While this is very helpful, it can be difficult to follow and comprehend. This then impacts the effectiveness of its implementation. We therefore feel that a significant area of focus should be on what action can be taken and how the Code can be amended to allow it to become more understandable to all that are subject to it.

#### **2. Do you agree with IESBA's Proposed Strategic Themes and Proposed Strategic Actions?**

**Ans:** Please refer to our response to question 1. In particular, it is important that the right balance is achieved across those Strategic Themes. For example, we believe that the Strategic Theme "*Strengthening the Code or responding in other ways in areas beyond sustainability reporting and assurance*" should be tempered with the strategic themes relating to global operability and acceptance of the IESBA's standards. The Strategic Driver, "*Trust Crisis and Other Repercussions from Recurring High-profile Corporate Failures*" would to some degree be addressed if there was a better understanding of the IESBA Code of Ethics and consistency of its application internationally. We are therefore supportive of the strategic actions relating to enhancing the diversity of stakeholder perspectives and widening the influence of the IESBA's standards through a continued focus on adoption and implementation.

As outlined in the response to Question 1, we suggest that the development of non-authoritative material will help facilitate the adoption and effective implementation. We believe that this should not just be about new or revised standards as the strategic action suggests but should also include the application of the Code to respond to matters such as the ongoing impact of technological transformations.

As outlined in the response to Question 1, we also suggest that there should be strategic actions relating to:

- Striving to facilitate/achieving consistency with the standards of regulatory bodies in the major jurisdictions that have well-established independence standards
- Understanding the reasons why some jurisdictions have not adopted the Code fully so that it can take action to encourage international adoption of the Code
- Considering what action can be taken and how the Code can be amended to allow it to become more understandable to all that are subject to it.

**3. Do you support the IESBA considering the topics set out in Table B as potential work streams? 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.**

**Ans:** Some of the potential workstreams set out in Table B are topics that the IESBA shared in the IESBA Strategy Survey 2022, but others are newly proposed potential workstreams. We also note that there was a proposed topic in the IESBA Strategy Survey relating to non-authoritative material. Given our comments to Questions 1 and 2, we believe that it is important to determine whether particular topics can be addressed by the development of non-authoritative material. For example, it might be more efficient to develop non-authoritative material to provide guidance to CFOs and other Senior PAIBs using the existing framework rather than looking to develop new standards with respect to this.

The objectives of the potential workstream related to communicating with Those Charged with Governance seem to primarily address improving communication by senior PAIBs to strengthen the concepts of transparency and accountability for PAs to minimise their potential over-reliance on such experts or consultants. We recommend that this topic be considered together with that relating to the role of CFOs and other senior PAIBs.

We support the workstream related to business relationships as we believe that section 520 could be enhanced to better address the threats to independence associated with different business relationships. We think it would be helpful to provide clarity to define a business relationship and to provide more examples of the different types of business relationships, with application guidance on the threats to independence that are created. Given that the audit firm – audit client relationship is an example of a business relationship, we recommend that these topics are considered together as it could help explain the different level of self-interest threats associated with different types of business relationships with audit clients.

We support the workstream related to ensuring that IESBA Code definitions and descriptions of terms are consistent with those in the IAASB standards as this will help improve the interoperability of the IESBA's and IAASB's standards and make it easier for adoption and implementation internationally.

We support the potential workstream related to custody of data. Given the increasing importance of holding data and the potential ethical issues that relate to holding certain types of data, we support the IESBA exploring whether there is a need to establish a new section in Part 3 to cover the ethics considerations relating to the custody of data.

**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.**

**Ans:** With respect to Table A, we recommend that the workstream related to "Collective Investment Vehicles, Pension Funds and Investment Company Complexes" be deferred. We agree with the IESBA that the arrangements and structures are complex and there is a high degree of variation across jurisdictions, and we are not aware of a need to revise the Code. Conversely, we feel that the IESBA Code does not currently properly address the ethical issues associated with business relationships and custody of client data and so these potential workstreams could be accelerated.

- 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 and the needs and interests that would be served by undertaking work on such topic(s).**

**Ans:** As highlighted above, there was a proposed topic in the IESBA Strategy Survey relating to non-authoritative material. We believe that it is important to determine whether particular topics can be addressed by the development of non-authoritative material. For example, it would be helpful to have such guidance relating to the use of generative AI.

*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?**

**Ans:** We agree that it is important to have close coordination between the IESBA and IAASB. One suggestion might be to have a representative from one Board on every workstream or project of the other Board with an objective to consider any impact of the standards of their Board.

- 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?**

**Ans:** No.