



IKATAN AKUNTAN INDONESIA
(INSTITUTE OF INDONESIA CHARTERED ACCOUNTANTS)

Ref.: 1701/DKE/IAI/VII/2023

Jakarta, July 3, 2023

Geoffrey Kwan
Technical Director
International Ethics Standards Boards for Accountants
529 Fifth Avenue, 5th Floor
New York, NY 10017 U.S.A

Ref: Comments on IESBA Exposure Draft Consultation Paper: IESBA Strategy and Work Plan 2024-2027 “Towards a More Sustainable Future: Advancing the Centrality of Ethics”.

Dear Technical Director,

The Institute of Indonesian Chartered Accountants or Ikatan Akuntan Indonesia (IAI) is the recognized professional accountancy organization for all professional accountants in Indonesia.

IAI emphasizes the importance of ethical conduct among its members, upholding integrity, and ethical behavior to maintain public trust in the accounting profession by establishing Dewan Kode Etik or Ethics Board of IAI (DKE-IAI).

DKE IAI is pleased to submit our input on the proposed IESBA strategy and work plan for 2024-2027. We appreciate the efforts of the IESBA to solicit input from many parties on this consultation paper.

We broadly agree with the proposed strategy of IESBA to developing timely ethics standards for sustainability reporting and assurance to meet the increasing needs of investors, customers, workers, government agencies, and other stakeholders for sustainability information.

We recognize the key global trends faced by professional accountants, business leaders, chief financial officers, and finance functions. This can be illustrated by the growing market demand for continuous financial information, which requires CFOs to expand their focus not only on financial information but also on non-financial information. With an expanded role, CFOs must be able to provide trust and confidence in organizational governance, data quality and reporting, and provide ethical leadership and a constructive challenge mindset.

It is highly appreciated that Sections 1 and 2 of the Code be further enhanced to support Professional Accountants in Business (PAIB) in addressing ethical issues and challenges, as well as issues that arise in a sustainable economy.

We agree that this is a priority given the recent publication of the International Sustainability Standards Board's S1 and S2 standards, as well as other jurisdictional developments, and the work being done by the International Auditing and Assurance Standards Board (IAASB) on the development of International Standards on Assurance Engagements 5000.

We strongly agree with the IESBA's proposed program of work to align the definitions of terms used in the Code with those in the IAASB. Considering that many users apply the IAASB standards and the Code simultaneously, it is necessary to align terms and definitions to eliminate ambiguity, increase the interoperability of the IESBA and IAASB standards, and facilitate the adoption and implementation of the two standards.



IKATAN AKUNTAN INDONESIA
(INSTITUTE OF INDONESIA CHARTERED ACCOUNTANTS)

Our detailed comments on IESB strategy and work plan for 2024 – 2027's questions are as follows:

1. Do you agree with the IESBA *Proposed Strategic Drivers (P9 -13)*?

We broadly agree with the grouping of environmental and operational drivers, and welcome the emphasis on expanding the role of PAIB in addressing ethical concerns and challenges, as well as issues that arise in a sustainable economy.

We agree with the drivers of the trust crisis and other repercussions of recurring high corporate failures. We strongly agree that anticipating this require effective corporate governance and comprehensive risk management. However, we realize that no system will provide a perfect guarantee that can eliminate the possibility of failure.

2. Do you agree with the IESBA *Proposed Strategic Themes and Proposed Strategic Action (P13 -18)*

We agree with the identified strategic themes and believe that the Board's vision has been reflected in the themes, along with the environmental and operational drivers, impacting the expanding roles of PAIBs instead of just focusing on sustainable reporting of the role of accountants in business becoming more complex and challenging.

As we understand, sustainability reports are an integral part of corporate social responsibility. They are important because they help companies measure and improve their performance in managing their impact on the environment and society.

We also agree with the IESBA's suggestion to develop the four identified strategic themes into actions that lead to the achievement of the vision.

We agree that post-implementation reviews are important and would like to clarify whether sufficient guidance and criteria for assessing the effectiveness of standards have been provided to help stakeholders conduct reviews.

3. Do you support the IESBA considering the topics set out in Table B as potential work streams (see P22-24)? If so, please also share your views on any specific issues. If not, please explain your reasons.

We are supportive of the IESBA considering the topics set out in Table B.

We would encourage the development of practical guidance wherever possible to address any identified challenges with any of the proposed topics.

We agree with the suggestion that external experts are independent. For example, when an Accountant is asked by a client to compile Financial Statements, in Financial Statements there are assets that will be disposed, where the figures are mostly obtained from experts (Appraisal). Based on these conditions, it is supposed that experts must be independent, when the number is problematic, Accountant will be penalized because the one is signing for opinion was the accountant. It is an open secret that "sometimes" certain Professions can



IKATAN AKUNTAN INDONESIA
(INSTITUTE OF INDONESIA CHARTERED ACCOUNTANTS)

be paid so that the value presented is more presentable. An Independent statement from an expert is needed to protect the accountant from bad things that might happen in the future.

- 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 agree with the plan set by the Board and encourage ongoing review of projects during their implementation.

Regarding sustainability project on the Table A, we believe PAIB, companies, and Professional Accountancy Organization need sufficient time to adopt and implement new sustainability reporting and assurance standards. Given these conditions, it is crucial to carefully consider, and not to make revision to the Code too early before fully understanding the implications of the reporting and assurance standards.

- 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**

Under potential work stream on Table C for the Post Implementation Review- Restructured Code we would like to propose IESBA to consider Professional Accountant in Public Sector as a different type of Professional Accountant who needs additional part of Code.

- 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 strongly agree with the IESBA's proposed program of work to align the definitions of terms used in the Code with those in the IAASB. Considering that many users apply the IAASB standards and the Code simultaneously, it is necessary to align terms and definitions to eliminate ambiguity, increase the interoperability of the IESBA and IAASB standards, and facilitate the adoption and implementation of the two standards.

We are certain that the IESBA and the IAASB have considered the best arrangements for maintaining close coordination. This includes periodical and structural meetings, complemented by intense communication and coordination between the technical staff of the standard-setting bodies. Cross-involvement between staff of the respective standard-setting bodies will benefit the standard-setting process.



IKATAN AKUNTAN INDONESIA
(INSTITUTE OF INDONESIA CHARTERED ACCOUNTANTS)

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?

No further comments.

We hope that our comments will contribute to IESBA's future deliberations.

Should you have further concerns regarding our responses, please do not hesitate to contact us at iai_info@iaiglobal.or.id.

Yours sincerely,
IAI Ethics Board

A handwritten signature in black ink, appearing to read 'Emil', is written over a light blue circular stamp.

Emil Bachtiar
Chairman