IESBA Consultation Paper
'Elevating Ethics in a Dynamic and Uncertain World'
'Proposed Strategy and Work Plan, 2019-2023'

5 July 2018

Introduction

ICAS is a professional body for more than 21,000 world class business men and women who work in the UK and in more than 100 countries around the world. Our members have all achieved the internationally recognised and respected CA qualification (Chartered Accountant). We are an educator, examiner, regulator, and thought leader.

Almost two thirds of our working membership work in business; many leading some of the UK's and the world's great companies. The others work in accountancy practices ranging from the Big Four in the City to the small practitioner in rural areas of the country.

We currently have around 3,000 students striving to become the next generation of CAs under the tutelage of our expert staff and members. We regulate our members and their firms. We represent our members on a wide range of issues in accountancy, finance and business and seek to influence policy in the UK and globally, always acting in the public interest.

ICAS was created by Royal Charter in 1854. The ICAS Charter requires its Boards to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

The ICAS Ethics Board has considered the International Ethics Standards Board for Accountants (IESBA) 'Proposed Strategy and Work Plan, 2019-2023' and I am pleased to forward their comments.

Any enquiries should be addressed to Ann Buttery, ICAS Head of Ethics, abuttery@icas.com

Key Points

We are supportive of the proposed three key strategic themes, namely:

"(i)   Advancing the Code's Relevance and Impact, through (i) maintaining a global Code fit for purpose in the evolving environment; and (ii) further raising the bar on ethics;
(ii)   Deepening and Expanding the Code's Influence, through increasing global adoption and effective implementation of the Code; and
(iii)   Expanding the IESBA's Perspectives and Inputs, through proactively engaging and seeking cooperative avenues with stakeholders."

We welcome that with the recent approval of the revised inducements content by the Public Interest Oversight Board (PIOB), the restructured Code is now ready for its June 2019 applicable date.

We very much support the need to better encourage adoption of the Code around the globe. Therefore, we very much welcome that *"IESBA will pursue close engagement with the IFAC Compliance Advisory Panel regarding adoption of the restructured Code by IFAC member organizations. The IESBA will also seek endorsement of the restructured Code by national and international regulatory organizations."*

We welcome that the IESBA intends to study the implications of major technological trends and developments as well as emerging or newer models of service delivery, and will take any standard-setting action that may be appropriate to ensure that the Code remains fit for purpose. We fully agree that *"The desired outcome is for the Code to continue to provide a trusted ethical compass to firms and PAs as they upgrade their skills and adapt their services and activities in today's technological age."*

We also welcome the ongoing increased coordination with the International Auditing and Assurance Standards Board.

Responses to the Specific Questions

1. Do you agree with the proposed criteria for the IESBA to determine its actions and priorities over the strategy period?

We are supportive of the proposed criteria.

2. Do you support the actions that have been identified with respect to each strategic theme? If not, please explain why.

We are supportive of the actions that have been identified within each theme although we believe there would be merit in running the work on non-assurance services and that on the definition of PIE and Listed Entities in parallel.

We believe at this stage that it is the implementation of the Code that is critical. More needs to be done to ensure that the high-quality requirements and application material contained in the Code are being appropriately introduced in practice across the Globe. We therefore very much welcome IESBA's commitment in this regard:

"*However, with the finalization of the restructuring and substantive revision of the Code at the end of 2017, the IESBA sees a clear imperative to deepen and expand the Code's influence by vigorously promoting global adoption of the revised and restructured Code (or simply the "restructured Code").*"

We also particularly welcome the development of the E-Code but would caution that for this to assist users, including professional bodies, it will require to:

- Have free access;
- Be easily accessible; and
- Be available to, and provide the means for, user bodies to adapt for their own jurisdiction specific requirements.

We would, however, urge caution in relation to the project on tax "aggressive tax avoidance". This is likely to prove a particularly difficult subject on which to achieve consensus at the global level.   In this regard there would appear greater merit in starting the proposed work on the definitions of PIE and Listed Entities earlier than currently scheduled, as this appears very relevant to the work on non-assurance services.

3. Recognizing that this proposed SWP is ambitious do you believe the IESBA should accelerate or defer any work stream(s)? If so, please explain why.

We are generally comfortable with the SWP proposed, however, as highlighted above there appears merit in bringing forward the start date of the proposed work on the definitions of PIE and Listed Entities. We also acknowledge that due to circumstances there may need to be some flexibility in relation to the proposed start and completion dates of projects.

4. Do you have any comments on any other matters addressed in this consultation paper or any significant matters not covered in this consultation paper that you believe the IESBA should address?

Transparency on Code Adoption

We welcome that IESBA recognises in the paper that it is key that it seeks to promote the adoption of the Code and that it also seeks discussions in this regard with national and international regulatory bodies.

We believe that it would be helpful in this regard, for there to be greater transparency on the state of adoption of the Code around the globe (Adoption Dashboard). This could be done via a map of the globe on the IFAC website illustrating the stage of implementation of the Code. This might serve as a catalyst for promoting greater adoption of the Code around the world. Such an approach might be particularly useful as we move from the extant Code to introducing the Restructured Code in June 2019. It would serve as a clear illustration of how successful the project has been.

Engagement

We welcome that:

"IESBA will also continue to prioritize close engagement with its National Standard Setters (NSS) liaison group and seek opportunities for cooperation or collaboration on topics or initiatives of mutual interest. More broadly, the IESBA will pursue proactive engagement and closer working relationships with other stakeholder groups, including regulators and audit oversight bodies, investors and those charged with governance, firms and IFAC member bodies."

We very much believe this is a key role for IESBA and welcome that efforts will be made to engage with the investment community as they are undoubtedly a key stakeholder.

Conflicts of Interest

This is an area that has received considerable attention in recent media coverage in certain parts of the globe. Whilst much of this relates to situations where audit firms are providing other non-audit services to such clients, some of the scenarios relate to the provision of services by professional accountancy firms where they are not the auditor. We therefore suggest that this is an area that IESBA monitors closely.