

7th July 2023

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

Email: via IESBA Website

Dear Geoff,

Proposed IESBA Strategy and Work Plan, 2024-2027

CPA Australia is Australia's leading professional accounting body and one of the largest in the world. We represent the diverse interests of more than 173,000 members in over 100 countries and regions. We make this submission in response to the Proposed IESBA Strategy and Work Plan 2024-2027 on behalf of our members and in the broader public interest.

Overall, CPA Australia is broadly supportive of the IESBA's Proposed Strategy and Work Plan 2024-2027 and provide the following responses to the questions from the consultation paper.

Strategic Drivers, Themes and Actions

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

CPA Australia broadly agrees with the proposed Strategic Drivers.

We believe it is important that high quality standards can be developed in a timely manner to respond to market developments of significant public interest including sustainability, technological transformation and the expanding role of the accounting profession in business. We also acknowledge the need to balance the pressure to react to such instances and the feedback from a broad range of stakeholders.

However, the volume, pace and number of recent changes is negatively impacting the ability of the profession to adopt and implement such changes, especially professional accountants in public practice (PAPP) including those in small to medium practices (SMP).

To address this, we believe that as part of the initial project proposal, the IESBA could undertake a robust and rigorous assessment of any proposed changes, which should include for example covering costs related to translation, consideration of any national specifics, staff training and methodology changes.

Such a thorough cost/benefit exercise may help guide the determination on whether, and the extent of, any future revisions may be necessary or if separate guidance could be issued instead.

We would also like to see the IESBA's proposed response to include aspects of sustainability beyond climate, noting the International Sustainability Standards Board's (ISSB) current consultation on its future agenda as a source of inspiration on potential aspects.

2. Do you agree with the IESBA's Proposed Strategic Themes and Proposed Strategic Actions (see pp.13-18)?

CPA Australia broadly agrees with the proposed Strategic Themes and Proposed Strategic Actions.

While we support the development of fit-for-purpose ethics standards to support sustainability reporting by professional accountants in business (PAIB) and PAPPs, we have some concerns around the development of fit-for-purpose, profession agnostic ethics, including independence, standards to support sustainability assurance.

We believe that the priority should be ensuring the standards meet the needs of professional accountants (PAs) and that developing profession-agnostic standards should not be undertaken at the expense of prioritising the needs of the profession such as supporting PAs to understand and adopt what is in the existing Code.

As previously stated, the volume, pace and number of recent changes is negatively impacting the ability of the profession to adopt and implement such changes. Therefore, we would also recommend ensuring clear evidence-based justification, including root cause analysis of identified issues, within the Code before proposed new revisions or additions.

CPA Australia is pleased to see the specific reference to continuing to engage with SMPs to guide its considerations of proportionality in developing the standards. However, we would encourage IESBA to specifically include SMP considerations throughout the other areas proposed in the workplan to emphasise that SMP considerations are important across all strategic areas.

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.

CPA Australia broadly supports the potential workstreams being considered by IESBA. However, we would encourage IESBA to consider if any identified outcomes could be addressed through non-authoritative material, rather than further revisions through the Code.

Further, consideration must also be given to existing and pending regulatory settings in respective jurisdictions, especially regarding custody of data. This is imperative to ensure that any changes do not result in a conflict of obligations or additional burdens where PA are already subject to comprehensive privacy regulation.

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.

CPA Australia does not have any specific recommendations for IESBA to consider accelerating or deferring potential or pre-committed workstreams. However, it is important to be mindful of any resulting revisions to the Code and the impact they may have on PAs in business and public practice, especially in SMP, to adopt and implement.

We would again encourage the use of non-authoritative material where appropriate too.

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).

CPA Australia has not identified any additional work streams.

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?

CPA Australia recognises the importance of close coordination between the IESBA and IAASB given the interrelated issues being addressed. We also welcome the attempts being made to harmonise definitions and terms between IESBA and the IAASB. We believe this should be done quickly to create clarity for PAs in an area which can, at times, create barriers to understanding.

In addition, we believe it is important that IESBA seek to work collaboratively with other global standards setters for the profession with the objective of creating complementary obligations for the profession when developing new or revising existing obligations for PAs.

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

CPA Australia believe it is appropriate for IESBA to temper the pace of changes following the high frequency of revisions in recent years as noted elsewhere in this consultation. We welcome the shift in focus from practitioners to non-practitioners as some of the most significant issues in recent years, such as corporate failures, have been somewhat outside the control of the profession and more to do with issues in the management of businesses.

If you have any queries about this submission, please don't hesitate to contact Keddie Waller, Senior Manager Public Practice, Financial Planning and Ethics Policy on Keddie.waller@cpaaustralia.com.au or +613 401 716 083.

Yours sincerely,

Elinor Kasapidis
Head of Policy and Advocacy