

Strategy and Work Plan 2024–2027 Question 7

Our proposed Strategy and Work Plan emphasizes the importance of close coordination with our sister-Board, IESBA. What are your views about whether and, if so, how coordination could be enhanced in terms of opportunities for joint or complementary actions that would better serve the public interest? Suggestions could entail standard-setting work, engagement with stakeholder groups, and improved ways of working, among others.

7.2 Support IESBA coordination efforts - with comments**7.2.1 Standard-setting work****1. Monitoring Group****International Association of Insurance Supervisors (IAIS)**

Coordination with other stakeholders: Overall, the IAIS supports the IAASB's continued engagement with the International Ethics Standards Board for Accountants (IESBA) to align definitions as closely as possible and its close collaboration with other international standard setters including the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB).

International Forum of Independent Audit Regulators (IFIAR)

Interaction between IESBA and IAASB

IFIAR supports the inclusion of coordination with the IESBA and other standard setters in IAASB's proposed strategic objectives. IFIAR continues to underline the importance of efforts aimed at fostering coordination and cooperation in the setting of auditing, assurance and ethical standards. Systemic liaison between the IAASB and IESBA is essential in this regard.

3. Regulators and Audit Oversight Authorities**Independent Regulatory Board for Auditors (IRBA)**

This effort will harmonize the requirements, both audit and ethical, that auditors need to apply. This collaboration is evident in many of the IAASB working groups.

We would appreciate if coordination efforts were aligned, as much as possible, with the same effective date.

4. National Auditing Standard Setters**Canadian Auditing and Assurance Standards Board (AASB)**

All key international organizations that deal with sustainability standards (GRI, ISSB, UNSDG) – This will support the IAASB's continued framework neutral approach in sustainability assurance standard setting, which we believe is in the public interest. Further, as we have learned from the public interest entity project, definitions and concepts developed by the IESBA may have significant impact on assurance standards. Therefore, we also encourage the IAASB to work with the IESBA and the key international organizations that deal with sustainability standards as the IESBA progresses on its project to align sustainability-specific definitions. Other areas of coordination with key international organizations that deal

with sustainability standards may include monitoring and responding to exposure drafts issued by these organizations.

CNCC-CNOEC - France

The coordination between IAASB and IESBA to develop ethical standards is welcomed as it is very important that the two boards work together, but they must be careful not to create bias by introducing the strictest IESBA rules into the ISAs. This could have negative consequences, particularly for small and medium entities. It is important to take into account the diversity of entities and audit firms and the need to allow for scalability in the application of the standards.

Hong Kong Institute of Certified Public Accountants (HKICPA)

As noted in the joint statement by the International Ethics Standards Board (IESBA) and the IAASB, it would be essential to develop necessary assurance and ethics standards to complete the sustainability reporting and assurance standards infrastructure. We therefore urge the IAASB to coordinate this work with the ISSB and IESBA.

Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)

Overall, our experience has been that cooperation between IESBA and the IAASB has greatly improved compared to previous years. However, we believe that greater cooperation is needed in circumstances when one board addresses definitions that are set forth in the requirements of another board. Given the impact of changing definitions, we believe it is not sufficient for staff alone to be informed about contemplated changes. To prevent a project from moving along with unintended consequences for the other board, once a task force has identified that it intends to consider changing definitions that are common to both boards, then both boards should be informed of such considerations within the same meeting quarter so that potential impacts can be discussed at an early stage.

Japanese Institute of Certified Public Accountants (JICPA)

We believe that collaboration between the IAASB and the IESBA is very important because the discussions and decisions of the IAASB and the IESBA may influence each other. Although the IAASB and the IESBA are currently working closely, there are challenges when implementing revised audit standards and ethics standards in each country.

For example, ISA 600 (Revised) “Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)” and IESBA’s the International Code of Ethics for Professional Accountants (including International Independence Standards), the Definition of Engagement Team and Group Audits (“ET-GA”), were made effective for audits of group financial statements for periods beginning on or after December 15, 2023. However, it may be difficult to ensure sufficient time for the implementation of ET-GA in the countries because the revision of ET-GA was released on February 28, 2023. If the IAASB and the IESBA decide to use the same effective date, we suggest that the IAASB and the IESBA fully discuss the schedule to ensure that there is sufficient time for the implementation process in each country.

In addition, we believe that close collaboration between the IAASB and the IESBA is particularly important, especially, for the IAASB’s projects in assurance on sustainability reporting, technology, Audits of Less Complex Entities and Listed Entities and PIE.

Royal Netherlands Institute of Chartered Accountants (NBA)

The NBA calls for joint definitions for critical terms including a joint assessment of changes to such definitions.

The NBA supports a coordinated approach between the setting of auditing and ethical standards, and encourages coordination on projects, timelines, entry into effect dates and definitions.

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5. Accounting Firms

BDO International Limited

Although the original Monitoring Group reform to have one standard-setting board has not been implemented, there is an opportunity to have closer alignment, cooperation, and work activity (potentially through direct engagement or membership of Task Forces) from each of the respective IESBA and IAASB standard-setting boards. This could enable the potential ethical and independence considerations to be considered by specific Task Forces throughout each project.

We agree that close coordination with the IESBA is important to ensure consistency in approach, aligning timelines and consideration of the implications arising from new or revised standards being issued. Although the original Monitoring Group reform to have one standard-setting board has not been implemented, there is an opportunity to have closer alignment, cooperation, and work activity (potentially through direct engagement or membership of Task Forces) from each of the respective IESBA and IAASB standard-setting boards. This could enable the potential ethical and independence considerations to be considered by specific Task Forces throughout each project.

Deloitte LLP

As noted above, we recommend aligning projects and timetables as much as possible, so that the feedback of each Board and its respective stakeholders can all be gathered and considered collectively and one standard setter is not “leading” with a requirement or position that may result in conflicts with the standards of the other.

Ernst & Young Global Limited

We believe that the IAASB’s Strategy and Work Plan should include more specifics around the planned topics for coordination with IESBA, including that the IESBA projects related to sustainability, use of experts and the rollout initiative of the changes to the Code arising from the IESBA’s definitions of listed entity and public interest entity should be identified for specific coordination. We believe that coordination with respect to the following IESBA current or new projects should be proactively planned:

Trends and developments in technology

Use of experts (particularly with respect to possible effects on the evaluation of the competence, capabilities and objectivity of the auditor’s expert and management’s expert)

Sustainability (noting that the IESBA will coordinate closely with the IAASB)

We also strongly encourage coordination between the IAASB and IESBA on the development of work plans to avoid unintended consequences if changes are not concurrently made to the IAASB standards.

Coordination with IESBA: We believe that the IAASB's Strategy and Work Plan should include more specifics around the planned topics for coordination with IESBA, including that the IESBA projects related to sustainability, use of experts and the rollout initiative of the changes to the Code arising from the IESBA's definitions of listed entity and public interest entity should be identified for specific coordination. We also strongly encourage coordination between the IAASB and IESBA on the development of work plans to avoid unintended consequences if changes are not made concurrently to the IAASB standards.

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ETY sas

We encourage a close coordination of IESBA and IAASB's work plans to stay consistent in the standard setting due to the importance of ethics in professional accountants work. We recommend joint project development in order to reinforce relevance and consistency between the standards and help their fair and harmonized implementation.

Grand Thornton International Limited

It is important that there continues to be improved coordination between the IAASB and IESBA to avoid past inconsistencies with the timing of respective projects that impact the same topics. The resulting disparity in the effective dates has led to issues with practical application of the standards in the period between those effective dates. Coordinating the respective strategies and work plans is a step in the right direction. When considering responses to those strategy and work plan consultations, it is important that there is coordination on the projects that are ultimately pursued such that the audit and ethical considerations of a topic will be considered together and at the same time.

Currently, a correspondent member from IESBA is often included on the working group of an IAASB project and vice-versa. Consideration could be given to extending this to developing joint agenda items for discussion at both IAASB and IESBA Board meetings, with the topic being presented by representatives from both boards, and the appropriate way forward being a joint decision. Any resulting changes to the auditing standards and to the Code of Ethics should have the same effective date.

We are pleased to see that the Proposed Strategy and Work Plan of the IAASB and IESBA now encompass the same period. We urge the IAASB and IESBA to continue to move towards closer collaboration on projects within their respective strategies and work plans to progress projects simultaneously, including that matters affecting both the IAASB's standards and the IESBA's Code of Ethics for Professional Accountants (Code of Ethics) are fully discussed and resolved before amendments are approved by either standard-setter and become effective.

KPMG IFRG Limited

We are supportive of the IAASB's Strategic Objective to strengthen coordination with the IESBA, since the standard-setting actions of each Board need to complement and align with one another, as they have a collective impact on the external reporting ecosystem. For example, we highlight that both Boards will need to work together to address ethics and independence standards in respect of practitioners, who are not

professional accountants, who perform assurance engagements, in particular, sustainability assurance engagements. We therefore consider it critical that both Boards, and Task Forces, maintain and enhance their communications, in terms of developing their strategies and workplans, including consideration of individual projects, their impacts and order of priority, as well as at a more granular level in terms of working groups in respect of particular projects working closely together, from project inception to completion, to ensure that the standards of each Board will work well in concert. We believe this will be of significant benefit to the financial ecosystem as a whole, and is therefore very much in the public interest.

Mazars

Coordination is key to make sure there is consistency in the definitions and work programs. For example, while ISA 600R has been already issued in April 2022, the IESBA has issued in February 2023

PriceWaterhouseCoopers

As the two Boards progress their respective work on sustainability assurance, this is an opportunity to demonstrate an integrated approach. Although within the current, rather than next, strategy period, we encourage the Boards to collaborate on their respective exposure drafts on this topic. In particular, given the differential timelines being followed for each Board's exposure draft, coordination is critical to ensure there are no gaps or inconsistencies in the respective proposals, for example in terms of key overlapping definitions, which would serve to undermine stakeholder perceptions of effective collaboration. While we acknowledge that the timelines of the planned exposure of ISSA 5000 and changes to the Code make the issuance of a single exposure draft unworkable, we would still encourage an approach where both Boards utilise each other's exposure drafts to obtain relevant input on overlapping matters of interest to inform the ongoing development and refinement of their respective proposals. Such an approach could represent a blueprint for similar projects of mutual overlapping work in the 2024-2027 strategy period.

RSM International Limited

Yes, we fully endorse the importance of close co-operation between the IAASB and IESBA. Where it is appropriate, we recommend more joint working parties when new or revised standards are being drafted. This would ensure consistency between the requirements and speed up the standard setting process by reducing the numbers of consultations and drafts required because the two Boards would already be aligned.

6. Public Sector Organizations

Office of the Auditor General of Alberta

Similar to how sustainability standards, within the context of double materiality, should be framework neutral, the IAASB standards should be "ethics framework" neutral and therefore not mention IESBA specifically. We note that sustainability standards may be used by practitioners that are not subject to IESBA and it is not clear what "at least as demanding is."

We are concerned that IESBA's recent definitions of "public interest entity" are not in the public interest. We are also concerned that IESBA may not clearly embrace double materiality as the appropriate sustainability approach.

We suggest that IAASB re-examine its dependencies and references to IESBA, and consider incorporating independence requirements directly into the IAASB standards that are appropriate to achieve practitioner objectivity to the extent necessary for specific types of engagements.

7. Member Bodies and Other Professional Organizations

Accountancy Europe

The IAASB and the IESBA should align their terminologies and timelines to the maximum extent possible. While doing this, the main objectives should be to provide consistency and to avoid confusion. This has not been fully achieved on the PIE and listed entity definition project.

Collaboration between the Boards is particularly important in the development of profession-agnostic assurance and ethics (including independence) standards for assurance on sustainability information. Boards should maintain their close coordination in order to develop robust standards that are applicable to sustainability assurance providers, including other independent professionals, and that foster high-quality engagements and consistent practices.

ASEAN Federation of Accountants (AFA)

We believe the public would benefit from consistent and coordinated approaches from the IAASB and IESBA. It is important to continue building public awareness on the priorities of these standard-setting bodies, how they are interconnected, and how the adoption and implementation of both set of standards is important for the profession, as well as business and economic landscape. We would like to encourage both the IAASB and IESBA to conduct more joint engagements with partners and stakeholders, in collaboration with regional partners such as AFA.

Association of Chartered Certified Accountants (ACCA)

We agree with the continuous importance placed on the close coordination between IAASB and IESBA noted in the proposed Strategy and Work Plan. We emphasise this would be of significant importance as both Boards progress with their respective projects on sustainability assurance and ethics.

Chartered Accountants Australia and New Zealand (CA ANZ)

We support co-ordination with the IESBA on areas of mutual interest. The production of joint guidance materials on ethical matters that impact auditors or the interaction of the Code with the ISAs would be useful to practitioners. Undertaking joint engagement and consultation may also be beneficial. We encourage both boards to continue to embrace technology and utilise both virtual and in person roundtables for consultations as this enables a wider range of stakeholders to interact with the board's work.

Chartered Accountants Ireland (CAI)

Collaboration between the boards would be particularly useful in the development of assurance and ethics (including independence) standards for assurance on sustainability information.

The boards should aim for joint definitions of critical terms and where possible align timelines for overlapping projects.

Institute of Chartered Accountants in England and Wales (ICAEW)

It is possible there will be slippage on the timetable for sustainability assurance and, potentially, for other challenging projects such as revisions to the ISA 500 series. When combined with resource constraints, achievement of the detailed work plan and the successful implementation thereof will be challenging. IAASB will struggle to respond to unexpected events. We therefore urge IAASB to simply maintain the alignment of auditing and ethical standards to the extent possible.

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Institute of Chartered Accountants of Scotland (ICAS)

We are supportive of close and effective coordination with IESBA. This should include aligning timetables as much as possible.

International Federation of Accountants' Small and Medium Practices Advisory Groups (SMPAG)

We recognize the close coordination between the IAASB and IESBA, which is very important given the interrelated issues being addressed.

For stakeholders that closely follow both Boards and provide input ahead of each respective meeting, the fact these both take place around the same time each quarter is especially challenging because of the volume of papers that need to be reviewed in a very short period of time. We urge both Boards to consider a new model to address this issue.

We believe that the coordination could be enhanced on the timing of consultations by both Boards, with greater consideration being given to the number of open consultations and the timing of respective comment periods. We understand there can be pressure to move quickly on certain projects, but on some perhaps consultation could be coordinated and delayed until there is an appropriate 'gap'. It's important that stakeholders have sufficient time to review and collate feedback in order to provide high-quality and useful input to help develop the standards. This can be compromised when there are multiple overlapping consultations for both boards. In addition, the IAASB includes a helpful project timetable with target dates for projects, exposure drafts and approvals for final standards on its current project's webpages. We believe that it would be very useful for stakeholders to have a combined calendar of activities for both IAASB and IESBA, which is visible in one place.

There is also a need to consult on the respective responsibilities of the Boards at the earliest stages of a project. As an example, the recent and ongoing work concerning the definition of the term PIE led to IESBA debating changes to the auditor's report, which is an issue clearly in the remit of the IAASB and that would have benefited from better coordination - also in terms of aligning timing of the two Board's respective projects.

Nordic Federation of Public Accountants (NRF)

We support close coordination with the IESBA. Given the interrelationship between the work performed by the two standard setting boards, we especially encourage increased coordination with the Boards' Strategy and Work Plans in terms of aligning projects at an early stage.

Given that PAOs as well as practitioners will need to comply with both revisions in the ISAs/ISSAs and in the Code of Ethics, we also recommend the Boards to take into account each other's issuance of exposure

drafts, consultation papers etc., and effective dates for finalized projects. There is a risk with having several open consultations at the same time in that it might impact the ability for stakeholders to provide well-considered views. Similarly, timeliness is also of importance when it comes to setting the dates for entry into force of the revisions.

In terms of coordination related to actual drafting we encourage the use of same definitions for critical terms.

Norwegian Institute of Public Accountants

We support the input shared by NRF.

Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso (ONECCA-BF)

ONECCA BF encourages a close coordination of IESBA and IAASB's work plans to stay consistent in the standard setting due to the importance of ethics in professional accountants work. ONECCA BF supports its members recommendation for a joint project development in order to reinforce relevance and consistency between the standards and help their fair and harmonized implementation.

8. Academics

Deakin University Integrated Reporting Centre

We believe that the way in which the IAASB's work on ISSA 5000 is being connected to IESBA's work on its own sustainability reporting standard-setting project in relation to ethics, independence and the use of experts, is appropriate.

9. Individuals and Others

Cristian Munarriz

Coordination with IESBA is key for success. Joint work should be prioritized for sustainability and technology.

Mo Chartered Accountants (Zimbabwe)

The work of the IESBA affects all audits, the performance of audits and all other engagement types. The standards set by the IESBA need to be, as soon as practicably possible incorporated in the IAASB standards to give further effect to the IESBA standards. We believe this does occur and needs to be continually monitored. For example, the "Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code" of April 2022 published by the IESBA will need to be incorporated into the relevant IAASB standards across audit, assurance and other related services to ensure that standards are reflective of the other critical requirements by other standard-setting bodies.

7.2.2 Engagement with stakeholder groups

1. Monitoring Group

International Association of Insurance Supervisors (IAIS)

The IAIS recognizes the importance of efforts to foster coordination and cooperation in setting auditing, assurance and ethics standards and encourages the IAASB to continue these efforts. The IAIS believes that stakeholder's involvement will be specifically important for building a robust sustainability assurance standard in the coming years, since this engagement may involve both auditors and non-audit practitioners.

The IAIS recognizes that the IAASB and IESBA coordinates with stakeholders via the Consultative Advisory Groups (CAGs) and many other forms of outreach. With the transition to the Stakeholder Advisory Council (SAC), it is difficult to comment on whether this new structure will enhance the very impactful stakeholder engagement that was associated with the interaction with the CAGs. We understand that the goal of the reorganization is to allow for continued broad-based stakeholder engagement. It is our understanding that SAC membership will move away from an organization-based composition and that engagement will be narrowed to focus more on strategy, prioritization, and key project decision points. It will be important that the views of these organizations previously affiliated with the CAGs, including the IAIS, are not lost in this transition. In addition, there must be a balance such that input on active projects is not at such a high level that it leads to diminished usefulness. It is also noted that SAC membership may differ from that of the CAGs in that membership terms will be shorter and favour those that hold leadership roles in their organizations. The CAGs operated at a somewhat technical level where members often were involved over longer spans. Moving the group away from technical membership and longer tenures could lead to changes in the nature and utility of the input and feedback that the CAGs provided.

4. National Auditing Standard Setters

Canadian Auditing and Assurance Standards Board (AASB)

We encourage joint and complementary actions with IESBA and other global standard-setting bodies. A possible area of improvement is enhancing coordination on engagement with interested and affected parties. For example, the IAASB, IESBA and other global standard-setting bodies may:

coordinate their consultations with similar groups to avoid “consultation overload”; and

assist each other in recruiting “hard-to-reach” groups such as non-practitioners.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

As both the auditing/assurance and the ethical standards setter in New Zealand, we are very aware of the need for coordination between the International Foundation for Ethics and Audit standards setting boards and the challenges encountered when there are differences/conflicts in the standards. We are fully supportive of close coordination with the IESBA.

It will be challenging for the IAASB to develop profession agnostic standards that link to the IESBA Code in its current form, i.e., the IESBA sets ethical standards for professional accountants.

We have found the joint IAASB/IESBA national standard setters sessions to be very useful in the past.

Royal Netherlands Institute of Chartered Accountants (NBA)

In addition, the NBA would like to emphasize the importance of liaising with key global and European standard setters for financial and sustainability reporting.

7. Member Bodies and Other Professional Organizations

ASEAN Federation of Accountants (AFA)

We believe the public would benefit from consistent and coordinated approaches from the IAASB and IESBA. It is important to continue building public awareness on the priorities of these standard-setting bodies, how they are interconnected, and how the adoption and implementation of both set of standards is important for the profession, as well as business and economic landscape. We would like to encourage both

the IAASB and IESBA to conduct more joint engagements with partners and stakeholders, in collaboration with regional partners such as AFA.

Chartered Accountants Australia and New Zealand (CA ANZ)

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European Federation of Accountants and Auditors (EFAA)

Regular joint meetings as the CAGs practice.

Joint / shared outreach events and meetings.

8. Academics

Deakin University Integrated Reporting Centre

IESBA will need to work closely with IOSCO and national governments and regulators in ensuring the appropriate regulation and enforcement of ISSA 5000 will be achieved when ISSA 5000 is used by assurance practitioners other than accounting professionals who are already subject to regulation and enforcement around ethics, independence and the use of experts.

7.2.3 Improved ways of working

4. National Auditing Standard Setters

Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)

In addition, there needs to be a clearer delineation between the responsibilities of both boards. For example, while the competence of a professional accountant is an issue covered by ethical principles, the work effort related to considering the competence of experts whose work is being used by practitioners is a quality management and engagement performance issue, for which each Board may have different terminology (e.g., the use of words in CUSP) and is properly within the remit of the IAASB for practitioners. Another example is reporting by practitioners to third parties, including the public, where IAASB and IESBA need to coordinate closely, in particular prior to IESBA considering such reporting responsibilities for practitioners. The boards need to properly delineate their respective remits and ensure that one board does not encroach upon the remit of another. To this effect, draft project proposals from each board should be made available to the other prior to approval so that the other board can ascertain whether the remit of the project proposal aligns with the remit of the respective boards.

Japanese Institute of Certified Public Accountants (JICPA)

For projects to proceed smoothly across both the IAASB and the IESBA, we suggest a systematic and organized review process to be established as soon as possible.

Royal Netherlands Institute of Chartered Accountants (NBA)

As a further suggestion, the Boards may want to always include a specific paragraph in future Exposure Drafts setting out their consideration of the impact of the proposed standard on the promulgations from their respective sister-Board, and seek public comments from stakeholders on whether they have identified other impacts.

5. Accounting Firms

MNP LLC

We agree with the importance of close coordination with IESBA but do not consider this to be a strategic objective. We trust that the IAASB and its staff can manage these efforts, including consulting via survey or other less formal means to determine the best approaches.

PriceWaterhouseCoopers

Coordinated public consultations with IESBA should be a goal

It is important to the credibility of both the IAASB and IESBA that the Boards work collaboratively on projects that have overlapping implications for the IAASB's standards or the Code. We strongly encourage adopting a future approach where a single joint exposure draft is issued on a relevant project that sets out the proposed revisions to both the affected IAASB standard(s) and the Code in the same document.

7. Member Bodies and Other Professional Organizations

Association of Chartered Certified Accountants (ACCA)

However, linked to the point we have raised regarding a stable platform, the IAASB and IESBA should also reflect on the fact that many stakeholders responding to IAASB and IESBA consultations are the same and therefore both Boards should factor that in when considering open consultations for public comment. An approach that has worked in the past was to incorporate questions that are of relevance to the IAASB in IESBA's open consultations and vice versa, enabling both Boards to obtain views without issuing additional consultation papers.

Chartered Accountants Australia and New Zealand (CA ANZ)

We support co-ordination with the IESBA on areas of mutual interest. The production of joint guidance materials on ethical matters that impact auditors or the interaction of the Code with the ISAs would be useful to practitioners.

9. Individuals and Others

Anne Ramsay et al.

We support close collaboration and coordination with IESBA especially for Artificial Intelligence.