Consultation Paper

Proposed Strategy and Work Plan, 2019-2023

Hong Kong Institute of
Certified Public Accountants
香港會計師公會

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Consultation Paper

IESBA Press Release

The Consultation Paper can also be found on the Institute's website at:
http://www.hkicpa.org.hk/en/standards-and-regulations/standards/code-of-ethics/exposure-drafts/

ELEVATING ETHICS IN A DYNAMIC AND UNCERTAIN WORLD

PROPOSED STRATEGY AND WORK PLAN, 2019-2023

IESBA International Ethics Standards Board for Accountants

About the IESBA

The International Ethics Standards Board for Accountants (IESBA) is a global independent standard-setting board. The IESBA's mission is to serve the public interest by setting ethics standards, including auditor independence requirements, that seek to raise the bar for ethical conduct and practice for all professional accountants (PAs) worldwide through a robust, globally operable International *Code of Ethics for Professional Accountants (Including International Independence Standards)* (the Code).

The IESBA believes that a single set of high-quality ethics standards enhances the quality and consistency of services provided by PAs throughout the world, thereby contributing to public trust and confidence in the accountancy profession. The IESBA sets its standards in the public interest with advice from the IESBA Consultative Advisory Group (CAG) and under the oversight of the Public Interest Oversight Board (PIOB).

REQUEST FOR COMMENTS

This Consultation Paper, *Proposed Strategy and Work Plan, 2019-2023*, was developed and approved by the International Ethics Standards Board for Accountants (IESBA).

The proposals in this Consultation Paper may be modified in light of comments received before being issued in final form. **Comments are requested by July 16, 2018.**

Respondents are asked to submit their comments electronically through the IESBA website, using the **"Submit a Comment"** link. Please submit comments in both a PDF and Word file. Also, please note that first-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the website. Although the IESBA prefers that comments are submitted via its website, comments can also be sent to Ken Siong, IESBA Senior Technical Director at kensiong@ethicsboard.org.

This publication may be downloaded from the IESBA website: www.ethicsboard.org. The approved text is published in the English language.

SUBMIT A COMMENT

IESBA International Ethics Standards Board for Accountants

FOREWORD

The IESBA has come to the milestone of decision about its Strategy and Work Plan (SWP) for the period 2019-23. I am pleased to introduce our proposed SWP, representing a culmination of the Board's intense and open reflections on early broad-based stakeholder input.

Our new plan will be greatly advantaged by the clarity and robustness of the restructured *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code), adopted unanimously at the end of last year. The ambition is to underwrite projects and activities that will fulfill distinct but broad goals: relevance and applicability in a world of changing technologies, business methods and public expectations; and strengthening both public interest objectives and trust in the accountancy profession as an integral whole. We are very aware that Ethics and Fundamental Principles will gain ever-increasing importance in the future. Accordingly, the Code must be 'future ready'.

We seek balance in the nature and scope of projects. We recognize that some new requirements or application material should be brought quickly to market to respond to changing circumstances and expectations. We also believe that principles-based ethics standards must be sustainable long-term constructs. Our SWP contemplates therefore a mix of innovative projects that are resource-intensive and require time to examine, to consult with stakeholders and to bridge varied viewpoints; and a number of more narrowly scoped projects targeted to technical matters and capable of swift completion. This requires careful decisions on priorities and trade-offs. The SWP looks to optimize our available plenary, volunteer and staff time, as well as other available resources.

Dr. Stavros Thomadakis, IESBA Chairman

The proposals for reform that the Monitoring Group is contemplating should not be allowed to become an uncertainty factor in our strategic work. On the contrary, by pursuing the present exercise and articulating strategic goals, we can offer a concrete and feasible path of progress in the setting of quality standards that is mindful of Monitoring Group and other stakeholder concerns. Charting a stable course to fulfill global public interest objectives is crucial for the confidence of our stakeholders in the relevance and impact of global standards of Ethics.

Expectations and demands on our work have never been higher. This is welcomed. It is a testament to confidence that our work can make a difference. Our strategy formulation, therefore, is a critical exercise. It charts the path to fulfilling our vision for the Code.

For our stakeholders, this is the opportunity to ensure we hear what matters to you, your expectations of us, and to contribute to our shared goals of enhancing public trust. Your views are very welcome!
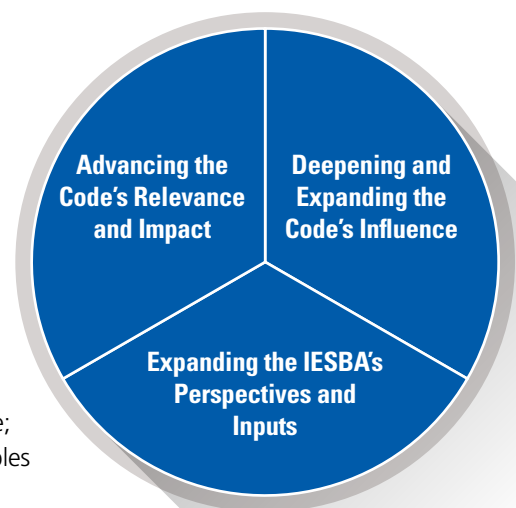
INTRODUCTION

1 This consultation paper seeks views from all stakeholders on the IESBA's proposed strategy for 2019-2023, and the proposed actions and priorities (work plan) to implement the strategy. The IESBA invites comments on any aspect of its proposed strategy and work plan (SWP).

2 This Consultation Paper sets out the following:

I. **Vision for the Code and Strategic Themes** – The IESBA's vision for the Code and the strategic themes that will guide its actions in pursuit of this vision over the strategy period.

II. **Key Considerations Guiding the Establishment of the Work Plan** – The criteria and key factors that affect the determination of potential actions in the strategy period and the relative priorities of those actions and their timing.

III. **Managing Delivery of the Strategy and Work Plan 2019-2023** – How the IESBA expects to manage delivery of the SWP within its given capacity and resources.

IV. **Proposed Actions, Priorities and Timing** – Identified actions, priorities and timing aligned to the strategic themes.

I. VISION FOR THE CODE AND STRATEGIC THEMES

> The IESBA's vision is for the Code to be a foundation of strong ethical principles, values and standards to underpin trust in the global accountancy profession in a dynamic and uncertain world, and to enable the profession to act in the public interest.

3 The IESBA's pursuit of this vision during the period 2019-2023 will be supported and guided by the following three strategic themes:

- **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;

- **Deepening and Expanding the Code's Influence**, through increasing global adoption and effective implementation of the Code; and

- **Expanding the IESBA's Perspectives and Inputs**, through proactively engaging and seeking cooperative avenues with stakeholders.

4 Each of the strategic themes is discussed below. In addition, the IESBA will continue to vigorously promote the fundamental principles and the conceptual framework which are the stable pillars underpinning the Code.

5 The IESBA intends its SWP to be dynamic. New developments may call for a reconsideration of the strategic themes or related actions and priorities to ensure that the IESBA's work is relevant and responsive to the public interest. Accordingly, the IESBA is committed to actively monitoring emerging developments that may require adjustments to its SWP.

6 The IESBA has prioritized a balance of longer-term and shorter-term initiatives or projects that best support the strategic themes. Nevertheless, it recognizes that the nature of the deliverables will depend on the nature of the topics as well as the scoping of the issues or project definitions. Some outputs may result in changes to the Code; others may take the form of IESBA Staff publications or other deliverables the IESBA may determine appropriate.

Advancing the Code's Relevance and Impact

Deepening and Expanding the Code's Influence

Expanding the IESBA's Perspectives and Inputs

Advancing the Code's Relevance and Impact

MAINTAINING A GLOBAL CODE FIT FOR PURPOSE IN THE EVOLVING ENVIRONMENT

7 Digital technologies have been rapidly transforming the landscape and ways in which companies and organizations operate. Big data and data analytics, emergent artificial intelligence, robotics, blockchain, cloud computing, mobile computing, social networks and new digital payment platforms, among others, are becoming more mainstream. They also are highly interconnected. Such technologies enable companies and organizations to achieve economies of scale, competitive advantage through innovation and reinvention, global reach and faster time to market. These trends and developments are impacting the roles and responsibilities of PAs in a major way throughout the financial reporting supply chain. They create opportunities and challenges not only for accountancy firms ("firms") and individual PAs in serving their clients or employing organizations, but also for the Code in remaining relevant as a foundation of public trust in the work of firms and individual PAs.

Advancing the Code's Relevance and Impact

Deepening and Expanding the Code's Influence

Expanding the IESBA's Perspectives and Inputs

8 These trends and developments directly impact the Code in two overarching respects:

(a) The continuing robustness of the fundamental principles and the relevance and appropriateness of key concepts and terms in the Code; and

(b) The ethical implications of changing modes and patterns of business and work caused by technological disruptions and innovation.

9 The IESBA therefore intends to study the implications of these major trends and developments, and take any standard-setting action that may be appropriate to ensure that the Code remains fit for purpose. 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.

10 More broadly, the IESBA will also continue to examine the ethical implications of any regulatory developments internationally and any major shifts in public expectations or trends in areas of economic activity that rely on the services of PAs.
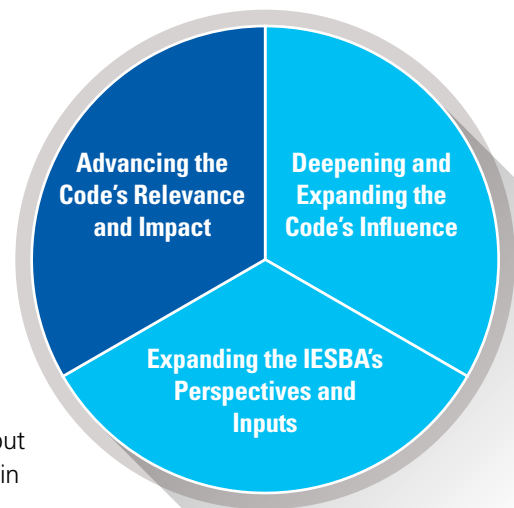
FURTHER RAISING THE BAR ON ETHICS

11 Setting high-quality ethics standards for both PAs in public practice (including auditors) (PAPPs) and PAs in business (PAIBs) is the essence of the IESBA's role in the public interest. The IESBA believes that the recent revision and restructuring of the Code have indeed significantly strengthened the Code.

12 However, the IESBA is also cognizant that new questions or issues may arise in the fluid, dynamic external environment that might reveal potential gaps in the Code or areas in need of further strengthening. Already, in response to stakeholder feedback and input from the PIOB, the IESBA has launched initiatives to study whether there is a public interest need to further develop or strengthen the Code to address the topics of (i) professional skepticism, (ii) the provision of non-assurance services (NAS) to audit clients, and (iii) fees charged by audit firms (see Appendix 1 for further details).

13. In addition, in the context of auditor independence, the IESBA believes now is the time to review the adequacy of the definition of a public interest entity (PIE) in the Code given regulatory developments in this area in some major jurisdictions as well as calls from some regulatory stakeholders regarding whether the extant definition continues to be fit for purpose. Equally, developments in capital markets around the world and how they are regulated have raised questions about the clarity of the definition of a listed entity in the Code.

14. Questions have also been raised by some within the regulatory community regarding whether the concept of materiality in the Code is sufficiently clear as it applies to areas such as business relationships and financial interests.

15. Further, as societal expectations evolve, there have been public concerns about perceptions of some entities employing "aggressive tax avoidance" strategies, and whether such strategies are ethically justifiable. The questions that have been raised have implications for both PAPPs and PAIBs in relation to the advice or support they provide to their clients or employing organizations in the area of tax planning and related services.

16. These are specific areas that the IESBA will seek to study to determine whether standard-setting or other action is warranted to further raise the bar on ethics.

Deepening and Expanding the Code's Influence

17. Globally recognized and accepted ethics standards serve the public interest because they establish a universal baseline for PAs around the world regarding the ethical conduct expected of them vis-à-vis their clients and employing organizations. Further, global independence standards provide for a consistent understanding among investors, public authorities and others as to what it means for an auditor to be independent, thereby leading to increased public trust in auditors' reports.

18. To date, the Code has been adopted or is used as a basis for national ethics standards or the ethical codes of professional accountancy organizations in over 120 jurisdictions around the world, including 16 among the G-20. In addition, the 27 largest networks of firms around the world that comprise the Forum of Firms have aligned their policies and methodologies to conform to the Code for transnational audits. These statistics are a strong endorsement for the Code and its principles-based approach. 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").

19. In this regard, the IESBA will prioritize major outreach and communication activities to raise awareness of the restructured Code and the substantive improvements it contains.[1] The IESBA is aware that many jurisdictions have been progressing towards adoption at different speeds for a

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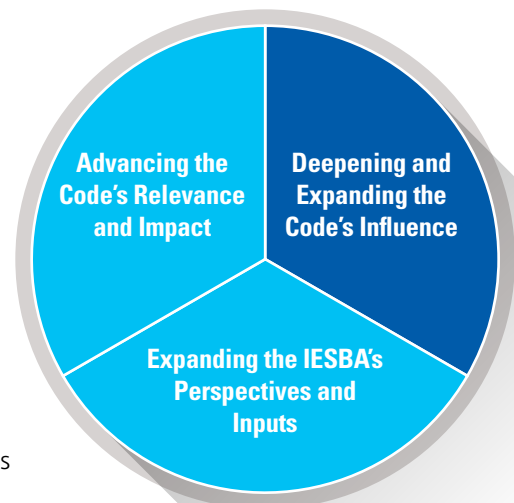
[1] For details about when the restructured Code (including substantive improvements) becomes effective, see http://www.ethicsboard.org/restructured-code.

number of reasons. These include not only issues of capacity and fragmented responsibilities for ethics standards at the national level, but also clear concerns among stakeholders regarding the understandability, translatability, ease of use and enforceability of the extant Code. The IESBA believes that the restructured Code responds comprehensively to these concerns. Accordingly, it is in the public interest that jurisdictions adopt the restructured Code at the earliest opportunity.

20   To this end, the 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.

21   Further, the IESBA will consider how best to leverage developments in digital technology to achieve wider reach, greater visibility, and easier use and access for the Code. In this regard, the IESBA envisions an e-Code with enhanced functionality that will provide ready access and guidance to firms and PAs in addressing the ethical questions or challenges they may face.

22   In addition, the IESBA will dedicate efforts to facilitate effective implementation of the restructured Code, recognizing that it contains major improvements in areas such as non-compliance with laws and regulations (NOCLAR), the conceptual framework and safeguards, long association, inducements and pressure to breach the fundamental principles.

23   While the IESBA believes that it will have substantively addressed stakeholders' concerns about the clarity and enforceability of the Code through the restructuring project,[2] it will monitor the effective implementation of the restructured Code. It will be important for the IESBA to hear about any implementation challenges in this regard. The IESBA also envisions a post-implementation review towards the latter part of the strategy period to determine whether the objectives of the restructuring project have been met.

Expanding the IESBA's Perspectives and Inputs

24   The development of high-quality ethics standards benefits immensely from the input of the IESBA's wide range of stakeholders globally. To ensure that the Code continues to be, and be seen to be, a world class Code for the accountancy profession globally, the IESBA will proactively engage with its stakeholders and seek cooperative avenues with them.

25   A major axis of cooperation will be with the International Auditing and Assurance Standards Board (IAASB). The IESBA and IAASB have agreed to a set of principles and related criteria to guide their interactions on matters of common interest going forward. The two boards have also begun a practice of meeting together annually to discuss matters of mutual relevance, in addition to more regular interactions at the staff, task force or working group, and leadership levels. This enhanced level of strategic and technical coordination is necessary because of the increasing extent to which the standards of both boards need to be coordinated on common or overlapping topics or areas, and because many jurisdictions adopt both boards' standards.

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2   The IESBA completed the Structure of the Code project in December 2017.

26 The IESBA will also seek cooperative avenues with the International Accounting Education Standards Board (IAESB). As there may be areas of overlap on specific topics that both the IESBA and IAESB are addressing within their respective SWPs, it is in the public interest that the two boards seek to coordinate their work as closely as possible.

Advancing the Code's Relevance and Impact

Deepening and Expanding the Code's Influence

Expanding the IESBA's Perspectives and Inputs

27 The IESBA will also continue to prioritize close engagement with its National Standard Setters (NSS) liaison group[3] 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.

28 Recognizing that PAIBs represent a large proportion of the profession in many jurisdictions, the IESBA will dedicate a specific focus on engaging closely with the IFAC PAIB Committee as a global representative group for this important constituency. At the same time, the IESBA believes that it is important to take into account the particular perspectives of the small and medium practice (SMP)/small- and medium-sized entity (SME) constituency when it sets standards. It therefore envisions continued close liaison with the IFAC SMP Committee, recognizing the need to balance the burden of change to the Code and the likely benefit to the public interest.

29 The IESBA also recognizes the importance of evidence-based standard setting, i.e., basing standard-setting activities on appropriate research and evidence of issues to be addressed. The academic and audit oversight communities can play valuable roles in this regard through their research and audit inspection activities, respectively. Such activities may yield empirical evidence as input to the IESBA's consideration of future standard-setting initiatives. Already, the IESBA has benefited from input from an academic in connection with fact finding regarding its Fees initiative, and engaged in discussions with the audit oversight community regarding how best to leverage its inspection work. The IESBA anticipates further strengthening its relationship with both stakeholder groups in the medium term.

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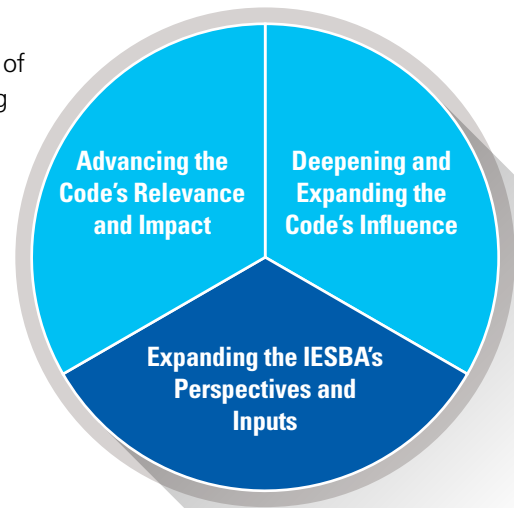
3 The IESBA-NSS liaison group comprises NSS from Australia, Brazil, Canada, China (mainland), France, Germany, Hong Kong SAR, India, Japan, the Netherlands, New Zealand, Russian Federation, South Africa, UK and USA.

CRITERIA FOR DETERMINING ACTIONS AND PRIORITIES

30. The IESBA's determination of standard-setting or other actions to add to its Work Plan 2019-2023 and their priorities under the three strategic themes described above depends on a number of criteria. These include:

- The benefits to the public interest of undertaking the particular action, including the extent to which the action will:
  - Further enhance public trust in the Code and the global accountancy profession.
  - Further raise the bar on ethics by supporting public interest outcomes, including compliance with the fundamental principles, strengthened auditor independence, increased global adoption and more effective implementation of the Code.
- The pervasiveness of the matter in terms of the extent to which it impacts the global profession.
- The degree of urgency in addressing it, and the potential implications for the public interest if action is not taken or is delayed.
- The global relevance of the particular matter.
- The feasibility of undertaking the action within a realistic timeframe.

FACTORS THAT AFFECT TIMELINES WITHIN THE WORK PLAN

31. Various factors affect the timelines of new actions within the work plan, including:

- The nature, complexity and definition of the scope of the particular matter being addressed.
- Whether prior fact finding or consultation with stakeholders is needed to establish a basis for standard setting.
- Board and agenda capacity (see Managing Delivery of SWP 2019-2023 below).
- The need for coordination with other standard-setting boards, in particular the IAASB and IAESB.

32. The need to adhere to due process is also a factor that influences the duration of projects. Projects may take from 12-36 months to complete, depending on their nature, scope and complexity, and the need for research and stakeholder consultation prior to issuance of an exposure draft.

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QUESTION

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

33 The proposed SWP is ambitious, and draws on the full capacity of the IESBA to deliver high-quality standards in a timely manner. The IESBA's current capacity includes:

- Plenary board meeting capacity of 12-15 days per annum.

- A remunerated independent Chair and seventeen volunteer members, with each volunteer member committing approximately 325 – 570 hours annually (excluding travel) to his or her work on the Board. Most Board members in turn are supported by technical advisors.

- An experienced full-time technical team of seven staff and administrative team of two staff, with administrative structures and processes supported by IFAC.

- An annual operating budget that supports staffing, meeting, travel and other direct costs necessary for the IESBA to execute its strategy and carry out its work plan.

34 Managing delivery of the SWP within resources and with due consideration of the external context in which the IESBA operates is a priority of IESBA leadership. Key focus areas include:

- The independence and reputation of the IESBA, and the quality of the Code and its global acceptance—managed through:

  - A steadfast commitment to developing high-quality standards in the public interest;

  - A close and proactive dialogue with the PIOB and the IESBA CAG, including responsiveness to their advice, observations and recommendations;

  - Fully transparent standard-setting activities, adherence to due process including broad public consultation on all proposed standards, and a focus on responsiveness to public feedback;

  - Ongoing commitment to ensuring both the quality and timeliness of delivery of new standards. This includes developing high-quality principles-based standards that are globally operable; and

  - A robust and broad-based stakeholder outreach program, to understand stakeholder interests and needs.

- Capacity at the leadership, volunteer and staff levels—managed through:

  - Optimizing Board plenary time, focusing debates on strategic issues while also addressing technical matters, and continuous improvement of effective and issues-focused material;

  - Use of task forces and working groups and, where appropriate, expert advisory groups to aid in standards development work;

- Appointment through the independent nominations process of a diverse mix of Board members, with the requisite skills, experience, resources and capacity to contribute to the projects on the work plan;

- Attracting, developing and retaining diverse, knowledgeable and highly qualified staff;

- Reconsidering capacity and skills needed in the light of strategic priorities; and

- Collaborating with national and other international standard-setting boards and leveraging their work and resources, including staff support when possible.

- Operational effectiveness and stability—managed through:

  - Periodic assessments of Board effectiveness;

  - Leveraging technological tools and resources to enhance efficiency and effectiveness at the staff level; and

  - Using Board, Staff and other resources in a focused and effective manner.

- Robust outreach and communication with stakeholders—managed through:

  - An extensive Chair, member and staff outreach program;

  - Fora such as the IESBA CAG and IESBA-NSS meetings and, where appropriate, global roundtables to discuss developments or issues of international relevance; and

  - Proactive coordination with other international standard setters, particularly the IAASB and IAESB.

  - Development and release of supporting communication material such as podcasts, video Q&As, fact sheets, At-a-Glance documents, and Q&A publications.

35. The IESBA will continue to monitor external developments and evaluate how changes may impact its approach to delivery of its SWP. This includes monitoring the growth of demands on the Board as adoption of the Code increases further.

IV. PROPOSED ACTIONS, PRIORITIES AND TIMING

36 This section provides an overview of proposed actions and related priorities and timing that the IESBA believes would best serve to fulfill its vision for the Code in the period 2019-2023, guided by the three strategic themes identified above, and taking into account the survey feedback received from stakeholders. Prerequisites to the IESBA starting a standard-setting project include appropriate research into the issues, a proper needs analysis, and consideration of a formal project proposal.

37 The proposed work plan seeks to balance longer term, more resource-intensive initiatives with shorter term initiatives that are less resource intensive. While the work plan is initially set when the SWP is finalized, it evolves dynamically as work streams are launched and develop. Decisions as to the nature and extent of outputs are made in the light of research and other fact finding, consultation with stakeholders, stakeholder perspectives gathered through outreach, and coordination with the IAASB and IAESB in particular. The IESBA's project timetable is updated quarterly and is available on its website.

PRE-COMMITMENTS

38 Arising from recently completed projects, or pursuant to matters raised by the PIOB, the IESBA has made the following pre-commitments related to standard setting or the Code more broadly that will likely continue in 2019 or start in the new strategy period. Further details regarding these pre-commitments are set out in Appendix 1.

Advancing the Code's Relevance and Impact – Further Raising the Bar on Ethics	Deepening and Expanding the Code's Influence
• Professional skepticism • NAS • Fee-related matters • Part 4B[4] vs ISAE 3000 (Revised)[5]	• E-Code • NOCLAR post-implementation review • Long association post-implementation review

[4] Formerly extant Section 291, *Independence – Other Assurance Engagements*

[5] International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

NEW ITEMS

39 Based on respondents' feedback to its strategy survey as well as discussions with stakeholders and its own deliberations, and having regard to its vision for the Code, the IESBA has identified the following new items as priorities for the strategy period 2019-2023:

> *Advancing the Code's Relevance and Impact – Maintaining a Global Code Fit for Purpose in the Evolving Environment*
>
> - Trends and developments in technology
> - Emerging or newer models of service delivery
>
> *Advancing the Code's Relevance and Impact – Further Raising the Bar on Ethics*
>
> - Tax planning and related services
> - Definitions of public interest entity and listed entity
> - Materiality
> - Communication with those charged with governance
> - Documentation
>
> *Deepening and Expanding the Code's Influence*
>
> - Post-implementation review of the restructured Code

40 The following subsection elaborates on them as well as the pre-commitments and other actions of a more general or ongoing nature, linking them to the strategic themes.

PROPOSED ACTIONS FOR 2019-2023, AND PRIORITIES AND TIMING

> *STRATEGIC THEME: Advancing the Code's Relevance and Impact*
> SUB-THEME: MAINTAINING A GLOBAL CODE FIT FOR PURPOSE IN THE EVOLVING ENVIRONMENT

Trends and Developments in Technology

41 Major trends and developments in technology such as data analytics, emergent artificial intelligence, robotics, blockchain, cloud computing, mobile computing and social networks are rapidly transforming businesses and economies and the future of work. The global accountancy profession and stakeholders at large are recognizing the pressing need to understand and address the implications of these trends and developments. Within the context of the profession, these transformations have already begun to cause disruptions in the business models of firms, including how they deliver professional services and how they charge for such services as well as how individual PAs perform their work. For example, data analytics is impacting how firms perform audit engagements, and blockchain is prompting organizations to reconsider how they approach transaction reconciliations which have traditionally been a significant accounting task. At the same time, cyber-security has become a strategic issue for businesses large and small, and a number of major jurisdictions in recent years have introduced legislation or regulation regarding cyber-security to protect the personal information of individuals.

42 Given the need for a timely response, the IESBA has already established a working group in Q1 2018 to begin gathering an understanding of the transformative effects of these technological trends and developments on the assurance, accounting and finance functions, and explore their ethical implications. Examples of questions that may need to be explored include the following:

- Would new ethics standards be needed to address emergent patterns of social behavior caused by technological disruptions within the various contexts in which PAs work?

- Would there be a need to reconsider the concept of independence of mind and the fundamental principles of integrity, objectivity and professional behavior when reliance is placed on machine anticipation, synthesis and deduction (for example, in the context of assessing audit evidence, providing strategic, financial or operational advice to clients, or preparing or presenting information)?

- What are the ethical implications regarding compliance with the fundamental principle of professional competence and due care when an audit engagement team carries out audit procedures at a client that has implemented transformative digital technologies for its financial reporting system?

- Are there any ethical issues from developments in information and communication technologies, for example, with respect to compliance with data privacy or intellectual property laws and regulations, or in terms of compliance with the fundamental principle of confidentiality?

- Are there any ethical implications from newer types of services such as cyber-security advisory services or data analytics that firms may provide to clients?

- Are there any ethical implications with respect to ownership of data when the information is stored in the "cloud" or processed and transmitted by third party service providers located in different parts of the world?

43 Because of the breadth of the topic, the IESBA plans initially to take a diagnostic approach. Based on its working group's findings and recommendations, the IESBA will determine the areas of highest priority, the scope of the related issues and how best to address them. As an understanding of the developments in technology may require specialist input and advice, the IESBA will consider the merit of establishing specific expert advisory panels. Depending on the nature of the issues, there may be more than one work stream that flows from this initiative, and they may be interrelated (see also subsection "Emerging or Newer Models of Service Delivery" below). Some of the issues might also have pervasive implications across the Code, particularly if they relate to fundamental principles or concepts in the Code.

44 The IESBA also plans to seek avenues of coordination with the IAASB and IAESB with respect to issues in this area that overlap the remits of the boards. In this regard, the IESBA notes that the IAASB has already established a working group on the topic of data analytics.

45 The IESBA anticipates receiving a preliminary report from its working group by Q2 2019, and a final report and recommendations by Q3 2019.

Emerging or Newer Models of Service Delivery

46 The IESBA will establish a working group to explore the ethical implications of emerging or newer models of service delivery such as managed services that firms may provide or outsourced services that firms may use, and the related ethical implications for any PAIBs who are involved in decisions about such services. Some of the changes are being influenced by rapid developments in technology and changing views on the future of work, for example, the use of so-called "contingent workers"[6] in providing services to clients. The questions that arise might concern all five of the fundamental principles in the Code as well as independence, for example:

- Are there any ethical implications such as threats to objectivity and conflict of interest issues at a staff level when firms absorb entire staff teams on their payroll from their clients as a result of entering into a contract for a managed service, for example, managing the corporate taxation function of a multi-national client?

- Are there any implications with respect to compliance with the fundamental principles when entities outsource parts or aspects of their accounting or finance functions to third party service providers located in or outside their jurisdictions?

- Are there any implications with respect to compliance with the fundamental principles and/or independence when firms rely on shared service centers based in or outside their jurisdictions for the performance of selected parts or aspects of professional services?

- What do the concepts of "office" and "engagement team" in the Code mean from an independence perspective when the organizational model and ways of working (e.g. flexible workforce, contingent workers) are changing and the concept of a physical office gradually becomes less relevant?

47 As a first step, the IESBA will seek to obtain a detailed understanding of firms' evolving service delivery models. Given that this work stream is closely related to that addressing trends and developments in technology, the IESBA will explore whether its working group on technology might cover some of the fact finding work on this topic. In addition, the IESBA anticipates some need for coordination with the IAASB given that some of the matters relating to outsourcing are being addressed within the IAASB's current Quality Control project.

48 The IESBA anticipates establishing the working group in Q1 2019, with fact finding work beginning soon after.

Emerging Issues Initiative

49 The IESBA plans to continue to monitor relevant external developments through its Emerging Issues and Outreach Committee (EIOC) with a view to determining whether there is a need for any changes to the Code, the commissioning of IESBA Staff publications, or other actions. The IESBA has established the EIOC to advise it on (a) any emerging issues that may warrant attention outside of the normal strategic planning process, and (b) the scope and focus of, and approach to, outreach to stakeholders.

50 The IESBA anticipates semi-annual discussions on the relevant matters flowing from this initiative throughout the strategy period.

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[6] Contingent workers are generally freelancers, independent contractors, consultants, or other outsourced and non-permanent workers who are hired on a per-project basis. They can work on site or remotely.

STRATEGIC THEME: Advancing the Code's Relevance and Impact
SUB-THEME: FURTHER RAISING THE BAR ON ETHICS

Tax Planning and Related Services

51. In recent years, much public attention has focused on the topic of aggressive tax avoidance notwithstanding the legality of the tax mitigation schemes or related transactions to achieve desired tax outcomes. Questions have in particular been raised regarding the ethical implications for professional behavior when PAIBs are involved in developing tax minimization strategies that are perceived as "aggressive," or when firms provide advice to their clients on such strategies. The issue is of such major public interest significance that it has been discussed on the G-20 agenda.

52. The IESBA will therefore seek to understand developments in tax planning by companies and related professional services, and explore the associated ethical questions to which they give rise to determine the nature and extent of any response.

53. The issues involved are complex, especially given the variety of legal frameworks around the world, and therefore may only be capable of being addressed at a principles level. Nevertheless, the IESBA will seek to explore a path where it can intervene within its remit as a global ethics standard setter. As a first step, the IESBA might consider issuing a discussion paper or a thought piece to stimulate discussion on the topic among stakeholders from the perspective of PAs' overarching obligation to comply with the fundamental principles. The IESBA plans to start this new work stream in Q2 2019.

54. This work stream is distinct and separate from any work the IESBA may undertake as part of its NAS initiative (see Appendix 1) to consider, from an independence perspective, the permissibility of tax planning services provided to audit clients.

Definitions of Public Interest Entity and Listed Entity

55. The Code defines a PIE as either a listed entity or an entity (a) defined by regulation or legislation as a PIE or (b) for which the audit is required by regulation (which may be promulgated by any relevant regulator, including an audit regulator) or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Some regulatory stakeholders such as the International Association of Insurance Supervisors (IAIS) and the Basel Committee on Banking Supervision have suggested that the definition of a PIE be re-examined from the perspective of financial institutions, including banks. Other regulatory stakeholders such as the International Organization of Securities Commissions (IOSCO) have noted that many jurisdictions do not appear to have the capacity to tailor the definition to their specific national circumstances. Other stakeholders, particularly the small and medium practices (SMP) community, have expressed concern that the independence requirements in the Code are increasingly disproportionate in those circumstances where audit and review services are provided to small entities that fall within the PIE definition.

56. Separately, the Code also defines a "listed entity" as an entity whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body. Some stakeholders have questioned the meaning of the term "recognized stock exchange" in this definition, for example, whether it is intended to be the same as, or broader than, the concept of a "regulated market" in the definition of PIEs in the EU audit legislation. It was noted that some might perceive a difference as

in practice exchanges exist that are informal and outside of the scope of regulation. In addition, there might be a need to reconsider the definition given broader developments in capital markets in various jurisdictions and newer forms of capital raising, such as crowd funding.

57   The IESBA will therefore explore whether the definitions of these two terms should be revised and the implications of any changes on how the Code addresses PIEs and listed entities, for example, in relation to prohibitions. The IESBA plans to start this new work stream in Q2 2021.

58   The work stream to review the PIE definition in the Code is distinct and separate from any work the IESBA may undertake as part of its NAS initiative to consider, from an independence perspective, the permissibility of NAS services provided to PIE audit clients and clients that are not PIEs.

Materiality

59   Materiality is a concept that is referred to in a number of places in the Code. While the IESBA has developed new application material pursuant to its Safeguards project to explain materiality in relation to provisions addressing NAS delivered to audit clients, the Code refers to materiality in other areas, for example, in relation to other independence matters, and in Part 2 in relation to the financial interest of an individual.[7] For instance, Section 510 of the restructured Code addressing financial interests states that "for the purposes of determining whether such an interest is material to an individual, the combined net worth of the individual and the individual's immediate family members may be taken into account."

60   During its previous strategy consultation, a regulatory stakeholder had also suggested that the IESBA provide guidance on how to evaluate materiality in the context of considering breaches of the Code.

61   The IESBA will therefore consider whether greater clarity is needed regarding how the concept of materiality should be applied in the various places where it is referred to in the Code, and not just in relation to NAS. Such an initiative will consider standards, contemporaneous work or publications of the IAASB and the International Accounting Standards Board (IASB) regarding qualitative approaches they might have developed or are developing on the topic of materiality. The initiative might also involve IESBA coordination with these other boards as it advances its thinking.

62   The IESBA anticipates considering a project proposal in Q1 2021.

63   Separately, as part of its NAS pre-commitment, the IESBA will consider whether materiality should be a consideration in addressing the question of whether the Code should permit firms to provide NAS to audit clients from an independence perspective.

Pre-commitments

64   The IESBA will prioritize initiatives on its list of pre-commitments that are expected to continue into or begin in the new strategy period. These include:

- Professional skepticism, with a project proposal anticipated in Q4 2018.

- NAS, with fact finding work commencing Q1 2018 and a project proposal in Q4 2018.

- Fee-related matters, for which fact finding commenced in Q1 2016.

- Part 4B consistency with ISAE 3000 (Revised), commencing in Q3 2018.

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[7]   Paragraph 240.3 A3 of Section 240, *Financial Interests, Compensation and Incentives Linked to Financial Reporting and Decision Making*.

65   The IESBA anticipates receiving a final report and recommendations from its Fees Working Group by Q2 2018, at which time it will determine the nature and extent of any further action that may be needed in relation to the topic of Fees. Some of the issues pertaining to fees and NAS may be interrelated.

General Maintenance of the Code

66   The IESBA plans to set aside some capacity throughout the strategy period to address matters that may fall under the umbrella of general maintenance of the Code. Examples of such matters include limited scope clarifications within certain application material (the need for which may be identified as part of current or recently completed projects, or otherwise flagged by stakeholders), and use of consistent terminology and definitions vis-à-vis IAASB standards. Given the limited scope nature of these types of changes to the Code, the IESBA envisions that identified changes could be packaged together and released at the same time. Further, given the nature of such changes, the IESBA will, where warranted, accelerate steps in due process.

Other Matters

67   Subject to agenda capacity and resources, the IESBA plans to also consider towards the end of the strategy period whether changes to the Code are needed in the following two areas:

- *Communication* with those charged with governance (TCWG)

  The Code currently requires auditors to communicate with TCWG in relatively few and specific circumstances, for example:

  – When a breach of an independence provision occurs.

  – When an audit client is a PIE and for two consecutive years the total fees from the client and its related entities represent more than 15% of the total fees of the firm.

  The Code also encourages regular communication between the firm and TCWG regarding relationships and other matters that might reasonably bear on independence.

  This initiative will seek to strengthen the provisions in the Code addressing communication with TCWG. This could in particular increase transparency around firms' identification and evaluation of threats to compliance with the fundamental principles and independence requirements, and the actions or measures taken to eliminate or reduce those threats to an acceptable level. Doing so could also clarify that auditor independence is a joint responsibility, and respond to regulatory stakeholders who have expressed views that a party other than the auditor itself should consider the auditor's independence. Such a review would include consideration of whether to require specific matters to be covered in the communication. (The issue of whether firms should seek pre-approval from TCWG in providing NAS to audit clients will be considered under the NAS pre-commitment.)

- Documentation

  The Code's documentation provisions are located in various areas addressing particular topics. During its recently completed Safeguards project, the IESBA considered whether the Code includes sufficient and appropriate documentation provisions related to safeguards. As a result of this discussion, the IESBA identified a need to reconsider the nature, extent and location of material relating to documentation in the Code holistically. In addition, this initiative will consider various suggestions from respondents during recently completed projects or the IESBA's previous strategy consultation, including:

  – Whether the application material that encourages documentation with respect to ethical conflict resolution should be elevated to a requirement.

- Whether the Code should require independence documentation to be of a standard that would enable another professional to understand the judgments made, and the reasoning supporting those judgments.

- Whether the requirement with respect to documentation of threats to independence that necessitate significant analysis should be extended to any threats to independence requiring analysis.

In addition, this initiative will consider a question that arose during the MG Rover case in the UK in the past few years regarding whether PAIBs should be subject to a documentation requirement in certain circumstances. The Code currently only encourages documentation for PAIBs.

STRATEGIC THEME: Deepening and Expanding the Code's Influence

Promoting Global Adoption of the Restructured Code

68   With the issuance of the restructured Code in April 2018, the IESBA will pursue vigorous outreach efforts to raise awareness of the significant improvements to the Code and promote its global adoption. In this regard, the IESBA has established a working group in Q1 2018 to develop rollout initiatives to support adoption and implementation[8] of the restructured Code as well as a strategy for outreach and communication. The IESBA anticipates these activities to continue well into the new strategy period given its expectation that adoption will follow a gradual path as jurisdictions follow their national due processes.

Monitoring and Documenting the Extent of Adoption of the Code

69   In collaboration with the IFAC Compliance Advisory Panel, the IESBA plans to regularly update information regarding the extent of global adoption of the Code. The IESBA also plans to work closely with the Compliance Advisory Panel to explore whether IFAC member bodies could be encouraged to benchmark their national ethics standards against the Code, specifically with a view to identifying any national requirements that are more or less stringent than the Code and understanding why. This activity will be of an ongoing nature.

Pre-commitments

70   The IESBA will prioritize further development of the e-Code, leveraging the platform of the restructured Code. The IESBA envisions the e-Code to be a primary tool of reference for firms, individual PAs, IFAC member bodies and other stakeholders in the medium to longer term. This initiative will explore how best to leverage newer technologies, including mobile access, to make the content of the Code as widely accessible and visible, and as easy to use as possible. In addition to providing an enhanced search facility, the IESBA anticipates the e-Code to contain links to bases for conclusions, IESBA Staff publications and other relevant material outside the Code that provide contextual information or explain the rationale for particular provisions in the Code.

71   The IESBA has established a working group in Q1 2018 to lead this initiative. The focus of the first phase of this work stream, beginning in Q1 2018, will be on building enhanced search functionality into the e-Code. This phase is targeted for completion by the end of Q4 2019, in close proximity to when the restructured Code becomes effective. The second phase of this

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[8]   Resources to promote adoption and support implementation of the restructured Code are available on the IESBA website.

initiative, expected to start in Q1 2020, will focus on developing additional functionality for the e-Code. The working group will advise the IESBA on the scope, deliverables and timeline for this second phase in due course. Additional phases will be subject to IESBA discussion and the progress achieved and experience gained from the first two phases.

72   The IESBA will also undertake the following post-implementation reviews in the new strategy period:

- NOCLAR, commencing Q1 2022.
- Long association, commencing Q1 2022.

Post-Implementation Review of the Restructured Code

73   In restructuring the Code, the IESBA has aimed to enhance its understandability and usability, thereby facilitating its adoption, effective implementation, consistent application, and enforcement. The project, which was completed in December 2017, has involved extensive restructuring and redrafting of the Code.

74   Given the important objectives of the project, the IESBA will undertake a post-implementation review of the restructured Code with a view to assessing whether its implementation around the world is effectively meeting those objectives. This post-implementation review will focus only on broader issues of usability and application, and not on the substantive changes to various sections that are now included in the restructured Code.

75   The IESBA plans for this initiative to commence in Q2 2023 to allow sufficient time for the restructured Code to bed down and for jurisdictions and firms of all sizes to gather sufficient experience in implementing it. The IESBA anticipates that the output from this initiative will feed into the development of the SWP for the subsequent strategy period.

Other Activities

76   In support of adoption and implementation, the IESBA will also undertake various other activities throughout the strategy period, including the following:

- Developing and executing a robust communication strategy.
- Pursuing a proactive stakeholder outreach agenda, including understanding stakeholder experiences regarding adoption and implementation of the restructured Code.
- Commissioning the development of appropriate staff publications in support of adoption and implementation.

STRATEGIC THEME: Expanding the IESBA's Perspectives and Inputs

Coordination with the IAASB and IAESB

77   As a pervasive aspect of its strategy, the IESBA will prioritize close coordination with the IAASB and IAESB. To this end, staff of the IAASB and IESBA are maintaining an inventory of topics or areas requiring or potentially requiring coordination. In addition, the two boards have each appointed a member to act as liaison to the other board.

78 Topics on which coordination is already taking place include professional skepticism, the objectivity and other attributes of the engagement quality control reviewer in the context of audits of financial statements, the review of Part 4B of the restructured Code for consistency with ISAE 3000 (Revised), and the IAASB's project to revise ISRS 4400.[9] Further information about coordination between the two boards, including updates on coordination efforts in progress, will be available on the IESBA's website in the near future.

79 The IESBA will also pursue coordination with the IAESB on topics where there is a clear overlap with respect to the remits of both boards. Such coordination is already in process with respect to the pre-commitment relating to professional skepticism.

Other Actions

80 The IESBA also plans to undertake the following actions throughout the strategy period:

- It will seek to extend and deepen engagement and cooperation with stakeholders, including NSS, regulators and audit oversight bodies, and firms.

- It will speak out on ethics-related developments that have the potential to lead to greater divergence in standards, and seek to influence debates towards greater international convergence

- It will engage proactively with the Forum of Firms, the IFAC SMP Committee, the IFAC PAIB Committee and other relevant committees of IFAC in seeking their inputs and perspectives on relevant projects, work streams or initiatives.

81 The IESBA also plans to proactively engage with the academic community, recognizing the contributions that this community can make through its research or other work in informing the IESBA's standard-setting activities.

SUMMARY OF PROJECTS, WORK STREAMS AND ACTIVITIES, AND WORK PLAN 2019–2023

82 Appendix 2 summarizes the projects, work streams and activities the IESBA plans to undertake during the strategy period and, where appropriate, when each project, work stream or activity is expected to commence and when it is expected to be completed.

83 Appendix 3 presents an *illustrative* work plan indicating possible milestones or deliverables within each of the five years in the new strategy period.

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QUESTIONS

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

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

4. **Do you have 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?**

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9 International Standard on Related Services (ISRS) 4400, Engagements to Perform Agreed-upon Procedures Regarding Financial Information.

PRE-COMMITMENTS | APPENDIX 1

COMMITMENT	DESCRIPTION
Commitments Arising from Decisions on Recently Finalized Standards and PIOB Input	
1. NAS	In January 2015, the IESBA completed a project to revise certain independence provisions in the Code pertaining to the provision of NAS to audit and assurance clients. The main changes included: • The withdrawal of provisions that permitted a firm to provide certain bookkeeping and taxation services to PIE audit clients in emergency situations. • New and clarified guidance regarding what constitutes management responsibility. • Clarified guidance regarding the concept of "routine or mechanical" services relating to the preparation of accounting records and financial statements for audit clients that are not PIEs. The Basis for Conclusions includes background to the project. At the time the IESBA undertook the project, the IESBA had concluded, based on a benchmarking exercise focused on G-20 countries and a select number of other jurisdictions in early 2013, that there was no evidence that the Code's NAS provisions were at significant variance from those of most or all of these jurisdictions. In approving the changes to the Code from this project in March 2015, however, the PIOB called on the IESBA to revisit issues on auditor independence from a broader perspective, including prohibited NAS and the role of those charged with governance in approving NAS. Preliminary work on this initiative will include a review of updated benchmarking data as well as the results of the fact finding work on the Fees initiative (see below) to determine the scope of any potential project on this topic. The IESBA held a first discussion on the topic at its March 2018 meeting and agreed to hold a series of three global roundtables in Washington DC, Paris and Tokyo in June and July 2018 to obtain stakeholder input to help frame the scope and direction of a potential project on the topic.
2. Fee-related matters	This is a commitment in the IESBA's current strategy and work plan. The IESBA is exploring fee-related matters raised by the regulatory community to determine whether there is a need for further enhancements to the Code or the commissioning of staff guidance. Fact finding work commenced in 2016 in response to PIOB input and is aimed at identifying whether there are trends or other factors that indicate a relationship between fees and threats to auditor independence and compliance with the fundamental principles, or whether there are reasonable perceptions that such threats exist, and how they might be addressed. The fact finding is focusing in particular, on whether such relationships exist in the following areas: • Level of audit fees for individual audit engagements. • Relative size of fees to the partner, office or the firm, and the extent to which partner(s) remuneration is dependent upon fees from a particular client. • The ratio of non-audit services fees to audit fees paid by an audit client. • The provision of audit services by a firm that also has a significant non-audit services business. The IESBA will consider a final report and recommendations from its Working Group at its June 2018 meeting with a view to determining what standard-setting or other actions, if any, it should take on this topic. Aspects of this topic, for example, the ratio of non-audit services to audit fees for a particular client, may also be considered further and addressed under the NAS work stream (see above).

COMMITMENT	DESCRIPTION
3. NOCLAR post-implementation review	In April 2016, the IESBA finalized the provisions in the Code addressing the topic of non-compliance with laws and regulations (NOCLAR). The new provisions came into effect July 15, 2017. In completing that project, the IESBA committed to undertake a post-implementation review to assess how effectively the implementation of the provisions around the world is meeting the objectives of the project.
	The IESBA has not yet considered the approach to, and precise timing of, the post-implementation review.
4. Long association post-implementation review	In December 2016, the IESBA finalized revisions to the provisions in the Code addressing the long association of firm personnel with an audit or assurance client. These provisions have been redrafted to align with the new structure and drafting conventions of the Code and are included in the restructured Code.
	In completing the revisions project, the IESBA committed to review the new provisions to take account of, among other matters, relevant legislative and regulatory developments relating to long association (including mandatory firm rotation and mandatory retendering) as well as experience of the application of the new provisions in practice.
	The IESBA has not yet considered the approach to, and precise timing of, the post-implementation review.
Active Project or Initiatives, and Commitments in the Current Strategy and Work Plan	
5. Professional skepticism (PS)	The IESBA is exploring how best to respond to calls from the PIOB and certain stakeholders to address the applicability of the concept of PS to all PAs. For example, some respondents to Phase 1 of the IESBA's Part C project have suggested that the Code should emphasize the need for PAIBs to exercise adequate PS throughout the process of preparing, presenting or filing information. Other stakeholders have argued that PAIBs should always maintain PS and that the concept should not be limited to auditors. At its March 2018 meeting, the IESBA discussed a draft consultation paper to solicit feedback from stakeholders on the relevant issues. The consultation paper is expected to be issued in Q2 2018. The IESBA will also seek input from stakeholders on the issues being considered on this topic at the three global roundtables planned for NAS in June-July 2018.
	As part of a separate but related short-term project, in December 2017 the IESBA finalized application material to (a) explain how the fundamental principles in the Code support the effective application of PS as defined in IAASB standards, and (b) emphasize the importance of PAs obtaining an understanding of the facts and circumstances known to them when exercising professional judgment in applying the conceptual framework in the Code. The application material is included in the restructured Code.
New Commitments Arising from Discussions on Recently Completed Projects	
6. Consistency of Part 4B of the restructured Code with ISAE 3000 (Revised)	This involves a review of Part 4B for any changes needed to make the provisions in that section consistent with the revised assurance terms and concepts in ISAE 3000 (Revised). The need for this review has been identified during the restructuring of the Code but was outside the remit of the Structure of the Code project. To avoid delaying completion of that project, the IESBA agreed to defer the review until after completion of the restructuring of the Code.
7. Development of the e-Code	This involves leveraging the new structure of the Code and developments in technology to explore additional features and tools that could be developed to increase the accessibility, visibility and ease of use of the Code, leveraging appropriate digital platforms. A web-based version of the Code with basic search functionality, hyperlinked sections and pop-up definitions of key terms is available on the IESBA website.

PROJECTS, WORK STREAMS AND ACTIVITIES FOR 2019-2023 | APPENDIX 2

PROJECT/WORK STREAM/ACTIVITY	SCOPE	EXPECTED START	EXPECTED COMPLETION[10]
Advancing the Code's Relevance and Impact *MAINTAINING A GLOBAL CODE FIT FOR PURPOSE IN THE EVOLVING ENVIRONMENT*			
New Work Streams Trends and Developments in Technology • *Gather an understanding of the transformative effects of trends and developments in technology on the assurance, accounting and finance functions, and explore their ethical implications.*	Whole Code (PAPPs and PAIBs)	Commencing Q2 2018	Report on fact finding: Q3 2019 Final pronounce-ment(s) 2022
Emerging or Newer Models of Service Delivery • *Explore the ethical implications of emerging or newer models of service delivery such as managed services that firms may provide or outsourced services that firms may use, and the related ethical implications for any PAIBs who are involved in decisions about such services.*	Part 3 applicable to PAPPs, and International Independence Standards (IIS)	Commencing Q1 2019	Report on fact finding: Q4 2019 Final pronounce-ment 2022
Ongoing Activity Emerging issues • *Consider emerging issues brought forward by the EIOC and determine appropriate actions.*		Ongoing	
Advancing the Code's Relevance and Impact *RAISING THE BAR ON ETHICS*			
Pre-commitments Professional Skepticism • *Explore how best to respond to calls from the PIOB and certain stakeholders for enhancement to the exercise of the concept of professional skepticism among all categories of PAs in the Code.*	Whole Code (PAPPs and PAIBs)	Fact finding commenced Q2 2017 Project proposal Q4 2018	Q4 2020
NAS • *Review the independence provisions in the Code applicable to the provision of NAS to audit and assurance clients from a broad permissibility perspective.*	IIS	Fact finding commencing Q1 2018 Project proposal Q4 2018	Q3 2021
Fee-related Matters • *Explore fee-related matters raised by the regulatory community to determine whether there is a need for further enhancements to the Code or the commissioning of staff guidance.*	Part 3 of the restructured Code applicable to PAPPs, and IIS	Fact finding commenced Q1 2016	Report and recommendations Q2 2018; nature and timing of deliverables subject to Working Group report and recommendations
Part 4B Consistency with ISAE 3000 (Revised) • *Review Part 4B of the restructured Code for any changes needed to make the provisions in that section consistent with the assurance terms and concepts in ISAE 3000 (Revised).*	IIS	Project proposal Q3 2018	Q2 2020

[10] The actual completion date may vary depending on the progress of the project or work stream and the need to follow due process.

PROJECT/WORK STREAM/ACTIVITY	SCOPE	EXPECTED START	EXPECTED COMPLETION[10]
New Work Streams **Definitions of Public Interest Entity and Listed Entity** • *Explore whether the definitions of these two terms should be revised and the implications of any changes on how the Code addresses PIEs and listed entities.*	IIS	Project proposal Q2 2021	Q1 2023
Materiality • *Consider whether greater clarity is needed regarding how the concept of materiality should be applied across the Code.*	Whole Code (PAPPs and PAIBs)	Project proposal Q1 2021	Q2 2023
Tax Planning and Related Services • *Obtain an understanding of developments in tax planning by companies and related professional services, and explore the associated ethical questions to which they give rise to determine the nature and extent of any response.*	Whole Code (PAPPs and PAIBs)	Fact finding commencing Q2 2019	Nature and timing of deliverables subject to fact finding and IESBA discussions
Communication with Those Charged with Governance • *Review the provisions in the Code addressing communication with TCWG to determine how they can be strengthened.*	Part 3 applicable to PAPPs, and IIS	Project proposal Q1 2023	2025
Documentation • *Review the nature, extent and location of material relating to documentation in the Code to determine how they can be streamlined and, where appropriate, strengthened.*	Whole Code (PAPPs and PAIBs)	Project proposal Q3 2023	2026
General Maintenance of the Code • *Address the need for limited scope changes to the Code of a general maintenance nature.*	Whole Code (PAPPs and PAIBs)	Ongoing	
Deepening and Expanding the Code's Influence				
Pre-commitments **E-Code** • *Leverage the new structure of the Code and developments in technology to explore additional features and tools that could be developed to increase the accessibility, visibility and ease of use of the Code.*	Whole Code (PAPPs and PAIBs)	Phase 1 commenced Q1 2018 Phase 2 commencing Q1 2020	Phase 1: Q4 2019 Phase 2: Q2 2021
NOCLAR Post-implementation Review • *Review how effectively the implementation of the NOCLAR provisions around the world is meeting the objectives of the project.*	Parts 2 and 3 (PAIBs and PAPPs, respectively)	Fact finding commencing Q1 2022	Final report Q3 2023
Long association post-implementation review • *Review how effectively the revised long association provisions in the Code are being implemented in practice.*	IIS	Fact finding commencing Q1 2022	Final report Q2 2023

PROJECT/WORK STREAM/ACTIVITY	SCOPE	EXPECTED START	EXPECTED COMPLETION[10]
New Work Stream Post-Implementation Review of the Restructured Code • *Undertake a post-implementation review of the restructured Code with a view to assessing whether its implementation around the world is effectively meeting the objectives of the restructuring project.*	Whole Code (PAPPs and PAIBs)	Fact finding commencing Q2 2023	Q4 2024
Ongoing Activities Promoting Global Adoption of the Restructured Code • *Undertake outreach efforts to raise awareness of the significant improvements in the restructured Code and promote its global adoption.*		Commencing Q2 2018	Ongoing
Monitoring and Documenting the Extent of Adoption of the Code	Ongoing		
Developing and executing a robust communication strategy	Ongoing		
Pursuing a proactive stakeholder outreach agenda	Ongoing		
Commissioning the development of appropriate staff publications in support of adoption and implementation	Ongoing		
Expanding the IESBA's Perspectives and Inputs			
Coordination with Other Standard-setting Boards Engage in close coordination with the IAASB and IAESB on topics or areas that overlap the remits of the two boards.	Ongoing (Capacity reserved for coordination work streams)		
Ongoing Activities • Seek to extend and deepen engagement and cooperation with stakeholders, including NSS, regulators and audit oversight bodies, and firms. • Speak out on ethics-related developments that have the potential to lead to greater divergence in standards, and seek to influence debates towards greater international convergence. • Engage proactively with the Forum of Firms, the IFAC SMP Committee, the IFAC PAIB Committee and other relevant committees of IFAC in seeking their inputs and perspectives on relevant projects, work streams or initiatives. • Proactively engage with the academic community.	Ongoing		

SUMMARY ILLUSTRATIVE IESBA WORK PLAN 2019-2023[11] | APPENDIX 3

WORK STREAM	ANTICIPATED DEMAND ON BOARD PLENARY TIME	MILESTONE OR DELIVERABLE				
		2019	2020	2021	2022	2023
Advancing the Code's Relevance and Impact *MAINTAINING A GLOBAL CODE FIT FOR PURPOSE IN THE EVOLVING ENVIRONMENT*						
Technology	High	Final report and project proposal(s)	Exposure Draft(s) (ED(s))	Full review ED responses	Final pronounce-ment(s)	
Service delivery models	High	Final report and project proposal	ED	Full review ED responses	Final pronounce-ment	
EIOC	Low	Discussion	Discussion	Discussion	Discussion	Discussion
Advancing the Code's Relevance and Impact *RAISING THE BAR ON ETHICS*						
Professional skepticism	Medium	ED	Final pronounce-ment			
NAS	High	First-read draft ED	ED	Final pronounce-ment		
Fee-related matters	High	Subject to Working Group report and recommendations				
Part 4B vs ISAE 3000	Low	ED	Final pronounce-ment			
Coordination topic 1	To be determined (TBD)	TBD	TBD	TBD	TBD	TBD
Coordination topic 2	TBD	TBD	TBD	TBD	TBD	TBD
Coordination topic 3	TBD	TBD	TBD	TBD	TBD	TBD
Definitions – PIE and Listed	Medium			Project proposal	ED	Final pronounce-ment
Materiality	Medium			Project proposal	ED	Final pronounce-ment

[11] This *illustrative* work plan is only intended to indicate at a broad level possible milestones or deliverables for various projects and initiatives based on considerations at the time this SWP is finalized. The nature and timing of milestones and deliverables may change.

WORK STREAM	ANTICIPATED DEMAND ON BOARD PLENARY TIME	MILESTONE OR DELIVERABLE				
		2019	2020	2021	2022	2023
Tax planning	High	Fact finding	Working Group report and recommend-dations	Subject to Working Group report and recommendations		
Communication with TCWG	Medium					First read draft ED
Documentation	Medium					Project proposal
General maintenance	Low	TBD	TBD	TBD	TBD	TBD
Deepening and Expanding the Code's Influence						
E-Code	Low	Finalize Phase 1	Phase 2 prototype	Finalize Phase 2		
NOCLAR post-implementation	Low				Fact finding	Working Group report and recommend-dations
LA post-implementation	Low				Fact finding	Working Group report and recommend-dations
Post-implementation review restructured Code	Medium					Fact finding
Promote global adoption	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Monitor and document global adoption	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Action communication strategy	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing

WORK STREAM	ANTICIPATED DEMAND ON BOARD PLENARY TIME	MILESTONE OR DELIVERABLE				
		2019	2020	2021	2022	2023
Pursue stakeholder outreach	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Commission staff publications	Low	TBD	TBD	TBD	TBD	TBD
Expanding the IESBA's Perspectives and Inputs						
SSB coordination	Medium	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Extend stakeholder engagement	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Speak out on ethics	Low	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing

IESBA International
Ethics Standards
Board for Accountants