

IESBA Meeting Highlights and Decisions

June 2024

This summary of decisions of the International Ethics Standards Board for Accountants (IESBA) has been prepared for information purposes only. Except for documents approved for public exposure and issuance of final pronouncements, decisions reported on technical matters are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IESBA.

The IESBA met in New York, USA on June 10-13, 2024. The video recording of the meeting is available on the IESBA [YouTube](#) channel.

Contact: Ken Siong, IESBA Program and Senior Director (KenSiong@ethicsboard.org)

Firm Culture & Governance

The IESBA considered an update from the Working Group on its outreach activities across various regions in Q2 2024. The IESBA briefly considered the Working Group's preliminary observations from the outreach, grouped into eight broad categories, including the role of the accountancy profession to act in the public interest, the role of leadership and governance, accountability of leadership, rewards and recognition, transparency, education, speak-up culture as well as the ecosystem.

The IESBA was then briefed on a literature review on organizational culture by Dr. Eva Tsahuridu, focusing on three aspects: what is culture, key elements of, and influences on, ethical culture as well as the impact of ethical culture on ethical behavior.

Finally, the IESBA considered presentations from Mark Babington, IESBA Board member, on the UK Financial Reporting Council's (FRC) Audit Firm Governance Code, and Julie Corden, IAASB Board member and Chair of the ISQM 1¹ Task Force, on ISQM 1 in relation to governance and leadership, and firm culture.

The IESBA will consider the preliminary findings and recommendation from the Working Group at its September 2024 meeting.

Collective Investment Vehicles (CIVs), Pension Funds and Investment Company Complexes (ICCs)

The IESBA considered an update from the Project Team on its activities in respect of CIVs, pension funds and ICCs since the March 2024 Board meeting, which included data collection using questionnaires and interviews with experts from various jurisdictions. The IESBA also considered an overview of the size and complexity of the global investment scheme industry and the Working Group's preliminary findings on:

¹ International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

- The application of certain independence provisions in the IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code) to CIVs and pension funds; and
- A jurisdictional analysis of variations in the legal structures of funds, governance and fund operations and differences in legislation, regulations, and auditor independence requirements.

The IESBA discussed the scope and direction of the work stream, including expanding consideration of other independence provisions in the Code such as business relationships, financial interests, and employee relationships, and identifying any other potentially inconsistent application of the Code to investment schemes.

An update on this work stream will be presented at the IESBA's September 2024 meeting.

Sustainability

Outreach Report-back

The IESBA considered a report-back on the Task Force's and other IESBA representatives' outreach activities in Q1 and Q2 of 2024 which included a series of in-person meetings and seminars in Toronto, Brussels, Tokyo, Singapore, Sydney and Melbourne, as well as meetings with the Stakeholder Advisory Council (SAC) and IESBA-National Standard Setters (NSS) liaison group.

The IESBA also received an overview of the number and diversity of respondents to the Exposure Draft, [*Proposed International Ethics Standards for Sustainability Assurance \(including International Independence Standards\) \(IESSA\) and Other revisions to the Code Relating to Sustainability Assurance and Reporting*](#) (Sustainability ED) and a preliminary high-level summary of key matters raised by respondents to the ED.

IAASB-IESBA Coordination and ED Feedback Update

The IESBA considered a high-level overview of the comments raised by respondents to the Sustainability ED in relation to matters of coordination between the IESBA's and the International Auditing and Assurance Standards Board's (IAASB) respective Sustainability projects. The IESBA's consideration was informed by the Task Force's preliminary views on those matters as well as the IAASB's related proposals as presented by Josephine Jackson, IAASB Vice-Chair and Chair of the IAASB's Sustainability Task Force, Willie Botha, IAASB Program and Technical Director, and Dan Montgomery, IAASB Consultant.

Among other matters, the IAASB discussed the definition of sustainability information, group engagements, the determination of components, and the approach to the concept of "at least as demanding" as the IESBA Code in relation to relevant ethical requirements in the proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*. The IESBA was also briefed on the IAASB Task Force's most recent proposals relating to the definition of "another practitioner" and using the term "work" instead of "assurance work" in relation to using the work performed by another practitioner.

Finally, the IESBA considered a high-level overview of the respondents' comments on a number of other matters relating to the proposed IESSA, including the scope of the International Independence

Standards, non-assurance services and responding to non-compliance with laws and regulations (NOCLAR).

The IESBA will receive a full analysis of the respondents' comments on the ED and the Task Force's proposed revisions to the ED at its September 2024 meeting.

Sustainability (EU Provisions Benchmarking)

The IESBA considered a high-level comparison carried out by IESBA Staff between the ethics (including independence) framework applicable to sustainability assurance engagements in the European Union (EU) legislation and the proposed IESSA. The benchmarking was intended to inform the IESBA about the key similarities and differences between the two ethics frameworks.

The IESBA discussed IESBA Staff's preliminary observations from the benchmarking and asked the Staff to obtain further information on the transposition of the relevant EU Directives into the national laws in the EU.

The IESBA will receive a further update on this benchmarking initiative in due course.

Technology

The IESBA considered an update from the Technology Working Group (TWG), which covered its work since the March 2024 meeting. The IESBA also considered two presentations from:

- Jay Schulman, National Leader for Blockchain and Digital Assets (RSM US LLP), who gave an informative session on blockchain and artificial intelligence, and the potential threats to independence that these technologies could pose; and
- William Gee, Risk Assurance Senior Advisor for Innovation and Digitalization (PwC Hong Kong), who shared his insights into blockchain technology trends and adoption, and the evolving regulatory landscape.

The IESBA continued to support for TWG's work in bringing technology issues to the forefront.

The IESBA will receive a further update from the TWG in due course.

Using the Work of an External Expert

The IESBA considered an overview of the Task Force's outreach activities since the release of the ED and discussed the preliminary key themes raised by respondents in their comment letters and by stakeholders during outreach, which included a series of meetings with investors and other users. The IESBA also considered the preliminary key themes from the comment letters, including the consistency of relevant definitions between the ED and the IAASB's standards, the approach to evaluating competence, capabilities and objectivity for the external expert, as well as the additional objectivity requirements in relation to using the work of an external expert in an audit or other assurance (including sustainability assurance) engagement.

The IESBA will receive a full analysis of the respondents' comments on the ED and the Task Force's proposed revisions to the ED at its September 2024 meeting.

Sustainability (Adoption & Implementation and Capacity Building)

The IESBA considered an update on the adoption and implementation of the proposed IESSA and other sustainability-related revisions to the Code as well as capacity-building-related matters. Among other matters, the IESBA was briefed on recent outreach activities with the International Accreditation Forum (IAF), Get It Fair (GIF) Program, the International Sustainability Standards Board (ISSB), and specific groups and partnerships within the United Nations Trade and Development (UNCTAD) (UNCTAD International Standards of Accounting and Reporting (ISAR), UNCTAD Africa, and UNCTAD Latin America).

The IESBA shared views on possible approaches to engage with the regulatory community to promote global adoption of the IESSA and other sustainability-related revisions to the Code, as well as methods to support capacity building and implementation of the IESSA. The IESBA agreed to establish a working group to develop a strategic approach to support adoption, implementation and capacity building for the IESSA.

Emerging Issues and Outreach Committee (EIOC)

The IESBA considered and approved the updated [Terms of Reference](#) of the EIOC.

The IESBA then considered a presentation from Anna Dourdourekas, Chair of the Professional Ethics Executive Committee (PEEC) of the American Institute of Certified Public Accountants (AICPA), who gave an overview of PEEC's activities related to its consideration of the ethics and independence implications of private equity investment in accounting firms.

The IESBA will receive the next update from the EIOC at its September 2024 meeting.

Tax Planning

The IESBA considered a brief update on the outreach activities conducted by its Tax Planning and Related Services Rollout Working Group since the launch of the final pronouncement in mid-April 2024, following the PIOB's certification of the pronouncement. The IESBA noted that the outreach initiatives have been comprehensive, including two global webinars, several in-person presentations in Canada, Japan and Australia, and top-tier media interviews.

As part of the rollout initiatives, the IESBA will receive an update on the IESBA Staff Q&As on the final pronouncement in due course.

Next Meeting

The next IESBA meeting is scheduled for September 16-20, 2024 in New York, USA.