



## ELEVATING ETHICS IN A DYNAMIC AND UNCERTAIN WORLD

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ICAEW welcomes the opportunity to comment on *Elevating ethics in a dynamic and uncertain world* published by the International Ethics Standards Board for Accountants (the Board), a copy of which is available from this [link](#).

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## RESPONSES TO SPECIFIC QUESTIONS

### ***Q1: Do you agree with the proposed criteria for the IESBA to determine its actions and priorities over the strategy period?***

1. The criteria in para 30 of the consultation paper in essence amount to making a public interest assessment of whether something should be done, and if so the priority attached to it. This is a logical approach.
2. However, taking a public interest perspective does involve balancing a number of often competing wants and constraints and we urge that this is done transparently to allow stakeholders to comment and challenge informatively.
3. Our report '*Acting in the public interest: a framework for analysis*' ([www.icaew.com/publicinterest](http://www.icaew.com/publicinterest)) includes suggestions of a framework for consideration of public interest matters.

### ***Q2: Do you support the actions that have been identified with respect to each strategic theme? If not, please explain why.***

4. In general we support the proposals in the consultation paper, which broadly align with the suggestions we made in our response to the previous consultation in 2017. We do have a number of comments on specific aspects, noted below.
5. Emerging trends in technology – we consider this to be an important topic that may lead, among other things, to consideration of the principal threats and safeguards relating to confidentiality, and whether some of the existing detailed independence rules remain appropriate. However, we caution against proposing detailed changes to the IESBA Code of Ethics (the Code) to address detailed points that can be dealt with by application of the fundamental principles and the threats and safeguard approach.
6. Newer models of service delivery - similar considerations apply to those discussed in paragraph 5 above. The Code need not and should not be a complete handbook of how to apply the principles in every circumstance that a professional accountant might encounter.
7. Tax planning and related services – this is an interesting topic that ICAEW and other UK professional bodies have taken steps in respect of ([www.icaew.com/pcrt](http://www.icaew.com/pcrt)). In an international scenario, as tax is very structured around national and local legislation, it would be better if the Board were to focus on the generalities of the boundaries around aggressive tax planning, than an attempt to come with a set of detailed procedures. Such a consideration would also be useful in wider aspects of the Code as it would inform discussions on aggressive accounting and misleading information.
8. Materiality – we are concerned that this project appears to be aimed at coming up with a detailed definition of a general concept. It would be better for the Board to consider the differences between materiality and significance and whether the code applies the right term in the right place.
9. Pre-commitments – we note that the Board is undertaking yet another review of the provision of non-audit services by auditors to the entities that they audit (NAS). We welcome efforts to reach out and engage in evidence gathering before making detailed proposals. We believe that research into the causes of significant audit failures around the world would be merited to see whether the provision of NAS is seen to impact on audit quality, and inform the debate on auditor independence more generally.

**Q3: Recognising 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.**

10. Definition of PIE and listed entity – we believe this project should be regarded as high priority: certainly not an item for ignoring until 2021. Taking a more principles based approach to the concept of PIE would not require a significant rewrite of the Code. It would also immediately remove a tension between the Code and national codes and regulations, which are often in a better position to be specific as to PIEs in a local context, both in including additional categories, but also excluding certain types of listed entity. The IESBA code deals presently only with the former.
11. Communications and documentation – we note these are regarded as low priority items – we would regard them as no-priority items. They are adequately dealt with in the Code already.

**Q4: 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?**

12. We note the ongoing work on the IESBA e-code. This could be of great benefit to member bodies – at least those who write their codes in English. However, to be of such benefit, it needs to be recognised that the Code would appear as part of the member bodies' own codes (with due accreditation). It would thus need to be freely available (including not needing to sign in to the IFAC website, as this is somewhat disruptive and irritating to all) and capable of including adaptations. Even with a drive towards global adoption, many member bodies need additional requirements or variations to cope with local circumstances.