

IESBA Meeting Highlights and Decisions

September 2023

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 September 18-22, 2023. The video recording of the meeting is available on the IESBA [YouTube](#) channel.

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

Sustainability

The IESBA considered a presentation from Mr. Emanuele Riva, Chair, International Accreditation Forum (IAF), and Mr. Matt Gantley, Chair of IAF's Sustainability Working Group and CEO, United Kingdom Accreditation Service (UKAS), on IAF's role and activities as a global association of accreditation bodies. The presentation also included an update on IAF's collaboration with the IESBA on convergence with the new Part 5 of the Code being developed by the IESBA.

The IESBA then considered an update on the liaison between its Sustainability Task Force and the IESBA Sustainability Reference Group, coordination activities with the International Auditing and Assurance Standards Board (IAASB) and the International Organization for Standardization (ISO), as well as stakeholder engagement and outreach during Q3, 2023. The IESBA also discussed the Task Force's proposals regarding the title and numbering of the new Part 5 of the Code as well as whether the Code should be renamed to recognize that it will contain ethics and independence standards that can be used by all sustainability assurance practitioners, whether professional accountants (PAs) or professionals other than PAs.

The IESBA considered a first-read draft of the proposed ethics (including independence) standards for sustainability reporting and assurance. The IESBA deliberated a number of issues and provided feedback on the proposals by the Task Force's Work Stream 1 (independence) and Work Stream 2 (ethics), including:

- The scope of ethics and independence standards for sustainability assurance in the proposed new Part 5.
- Communication of non-compliance with laws and regulations (NOCLAR) between the auditor and the sustainability assurance practitioner.
- Independence considerations relating to using the work of another practitioner, group sustainability assurance engagements, and relationships with value chain entities.
- Independence considerations relating to the provision of non-assurance services (NAS) to sustainability assurance clients, including estimation, forecasting and similar services.

- Other independence matters, including the approach to determining the proportion of fees for services other than audit to audit fees when a firm performs the audit and sustainability assurance engagement for the same client.
- Key terms and definitions, including “sustainability information.”

The IESBA will consider a revised draft of the proposed ethics (including independence) standards for sustainability reporting and assurance with a view to approving an exposure draft at its December 2023 meeting.

Strategy and Work Plan 2024-2027

The IESBA considered significant comments from respondents to its Consultation Paper (CP), [*Proposed Strategy and Work Plan 2024-2027, Towards a More Sustainable Future: Advancing the Centrality of Ethics*](#) (SWP) as well as the IESBA Planning Committee’s proposed revisions to the SWP. Among other matters, the IESBA expressed support for including in the SWP two new strategic areas of focus, i.e., firm culture and governance, and expansion of the scope of the Code.

The IESBA will consider the final draft of the SWP for approval at its December 2023 meeting.

IAASB-IESBA Joint Plenary Session

The IESBA and IAASB considered a high-level update on the development of the two Boards’ Strategies and Work Plans 2024-2027 (SWPs), including key comments received from respondents to the two SWP consultation papers on coordination between the two Boards on matters of mutual interest.

Members from both Boards shared views on opportunities and challenges for coordination with regards to their respective sustainability projects as well as other ongoing and selected potential work streams.

Use of Experts

The IESBA considered a first-read draft of the proposed provisions to address the ethics and independence considerations regarding the use of experts.

Among other matters, the IESBA deliberated Task Force proposals to:

- Introduce definitions for the terms “expert,” “expertise,” and “management’s expert,” and revise the extant definition of “external expert.” The IESBA also discussed the interactions between the concept of an expert with the definitions of the terms “engagement team” and “audit team,” and the interactions between the concept of a management’s expert and an expert used by PAs in business.
- Evaluate an expert’s competence, capabilities and objectivity as it applies to using the work of that expert in an audit, assurance or NAS context, and by PAs in business, including whether the proposals should incorporate experts who are employed by PAs in business.
- Bring the rigor of “independence” for external experts used in an audit or other assurance (including sustainability) engagement in a way that meets public interest expectations while maintaining a proportionate and operable approach.

The IESBA will consider a revised draft of the proposed provisions with a view to approving an exposure draft at its December 2023 meeting.

Technology

The IESBA considered an update from the Technology Working Group, which included activities since its June 2023 meeting.

Ms. Mary Breslin, founder of Verracy and member of the IESBA's Technology Experts Group (TEG), shared insights into the ethics dimension of technological developments with the IESBA in a session entitled *Navigating the Evolving Landscape of Business Risks and Fraud in Technological Era*. The presentation included real-world examples and recent trends illustrating how the convergence of technology with global events creates a dynamic landscape of risks, and how the application of ethics standards addresses these risks.

Tax Planning

The IESBA considered comments received on its Exposure Draft, [Proposed Revisions to the Code Addressing Tax Planning And Related Services](#), and reviewed a first-read draft, which incorporated the Task Force's proposed revisions addressing respondents' feedback. Among other matters, the IESBA further considered the description of tax planning, the approach to related services, the role of a PA in acting in the public interest, the principle of establishing a credible basis, the application of the "stand-back test," navigating situations of disagreement, the approach to addressing tax planning products/arrangements developed by a third party, and documentation.

The IESBA will review a revised draft of the proposed Sections 280 and 380 with a view to approving the final pronouncement at its December 2023 meeting.

Next Meeting

The next IESBA meeting is scheduled for December 4-8, 2023 (New York, USA), and December 13 & 15, 2023 (virtual).