The main topics for discussion at the IFAC during the period from March to May 2023 were with respect to:

**March 2023**

1. **IESBA STAFF RELEASES Q&AS TO SPOTLIGHT KEY CHANGES TO THE DEFINITIONS OF LISTED ENTITY AND PUBLIC INTEREST ENTITY IN THE IESBA CODE**

2. **NEW INTERNATIONAL FOUNDATION FOR ETHICS AND AUDIT STRENGTHENS INDEPENDENCE OF THE STANDARD-SETTING SYSTEM**

3. **IESBA AND IAASB HIGHLIGHT COMMITMENT TO DELIVER ON RECOMMENDATIONS IN NEW IOSCO REPORT ON A GLOBAL ASSURANCE FRAMEWORK FOR SUSTAINABILITY-RELATED CORPORATE REPORTING**

**April 2023**

4. **IESBA STRENGTHENS GLOBAL ETHICS STANDARDS TO RESPOND TO TRANSFORMATIVE EFFECTS OF TECHNOLOGICAL INNOVATION**

5. **IAASB ADVANCES TIMELINE FOR CONSULTATION FOR PROPOSAL ON SUSTAINABILITY ASSURANCE**

6. **IAASB OPENS PUBLIC CONSULTATION FOR ITS REVISED GOING CONCERN STANDARD**

7. **IESBA STAFF RELEASES DATABASE OF PUBLIC INTEREST ENTITY DEFINITIONS BY JURISDICTION TO SUPPORT LOCAL ADOPTION AND IMPLEMENTATION EFFORTS**

**May 2023**

8. **ACCA, ACCOUNTANCY EUROPE & IFAC HOST INTERACTIVE DISCUSSION ON DEVELOPING GREEN SKILLS AND CAPACITY BUILDING**

9. **NEW IFAC PUBLICATION EQUIPS ACCOUNTANCY ORGANIZATIONS TO LEAD THE FIGHT AGAINST CORRUPTION**

10. **KEY QUESTIONS FOR AUDIT COMMITTEES OVERSEEING SUSTAINABILITY-RELATED DISCLOSURE**

11. **IFAC, TI-UK, AND WORLD ECONOMIC FORUM’S PACI REVIEW OF ANTI-CORRUPTION REPORTING SHEDS LIGHT ON CURRENT PRACTICE & ENCOURAGES INCREASED TRANSPARENCY**
1. **IESBA STAFF RELEASES Q&AS TO SPOTLIGHT KEY CHANGES TO THE DEFINITIONS OF LISTED ENTITY AND PUBLIC INTEREST ENTITY IN THE IESBA CODE**

The Staff of the International Ethics Standards Board for Accountants (IESBA) has on 10 March 2023 released a questions and answers (Q&As) publication on the revisions to the definitions of listed entity and public interest entity (PIE) in the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code). The development of the Q&As has been informed by the extensive discussions and consultations with a wide range of stakeholder groups and the IESBA’s own deliberations during the development and finalization of the PIE revisions.

The Q&A publication is designed to highlight, illustrate or explain aspects of the PIE revisions in the Code and is intended to complement the Basis for Conclusions for the final pronouncement. It will assist national standards setters, professional accountancy organizations, and firms in adopting and/or implementing the PIE revisions. The Q&As will also assist regulators and audit oversight bodies, the corporate governance community, investors, preparers, educational bodies or institutions, and other stakeholders in understanding the revised PIE definition and related provisions in the Code. Among other things, the PIE revisions:

- Include an expanded definition of a PIE by specifying a broader list of PIE categories, including a new category “publicly traded entity” to replace the category “listed entity.”
- Recognize the essential role local bodies responsible for the adoption of the Code play in delineating the specific entities that should be scoped in as PIEs in their jurisdictions, encouraging them to properly define the PIE categories in the expanded definition and adding any other categories relevant to their environments.
- Introduce a transparency requirement for firms to publicly disclose the application of independence requirements for PIEs where they have done so.

The PIE revisions are effective for audits of financial statements for periods beginning on or after December 15, 2024.

2. **NEW INTERNATIONAL FOUNDATION FOR ETHICS AND AUDIT STRENGTHENS INDEPENDENCE OF THE STANDARD-SETTING SYSTEM**

The Board of Trustees of the *International Foundation for Ethics and Audit (IFEA, or the Foundation)* celebrated on 27 March 2023 the launch of the Foundation, which implements a key recommendation contemplated in the Monitoring Group’s July 2020 Recommendations, Strengthening the International Audit and Ethics Standard-Setting System.

The objective in establishing the Foundation is to move the International Ethics Standards Board for Accountants (IESBA) and the International Auditing and Assurance Standards Board (IAASB) to a new entity that is independent of the International Federation of Accountants (IFAC).

Under the new structure, IESBA Chair Ms. Gabriela Figueiredo Dias and IAASB Chair Mr. Tom Seidenstein serve as Co-CEOs of the Foundation. The Public Interest Oversight Board (PIOB) continues its role as an independent oversight board, supporting the public interest...
responsiveness of the international standards and the effective delivery of the boards’ strategies.

“Establishing the Foundation as an independent legal entity to house the IESBA and IAASB, which were previously within the IFAC structure, is an important step in strengthening the independence of the international standard-setting system for ethics, audit and assurance,” said Robert Buchanan, Chair Trustee of the Foundation.

“We are confident that the revised structure—with IFEA as the home of the standard-setting boards governed by a board of trustees that includes both PIOB and IFAC appointed trustees—is an important mechanism created by the Monitoring Group to reform with the profession and simultaneously enhance the independence of the standard-setting boards,” said Linda de Beer, Chair of the PIOB. “This, in conjunction with an independent nominations process housed within the PIOB through the PIOB Standard Setting Boards Nominations Committee, will continue to enhance the trust and confidence in the standard-setting process.”

Paul Munter, Co-Chair of the Monitoring Group, added, “The objectives of the Monitoring Group’s recommendations included achieving an independent and inclusive, multi-stakeholder standard-setting system, and fostering the development of timely, high-quality standards that are responsive to the rapidly changing environment while still being responsive to the public interest. We are confident that the new structure advances both objectives. We are pleased the recommended reforms are on track for full implementation through diligent, collective efforts, and the focus is now on the implementation of the resource and costing plans.”

Commenting on the new structure, Ms. Figueiredo Dias and Mr. Seidenstein stated, “We are delighted with the modernization of the standard-setting system and the progress already achieved under the new Foundation, including transferring board personnel from IFAC to IFEA, the approval of our 2023 budget, and the process to strengthen our technical staff, which is well underway. We welcome the myriad opportunities created by the Foundation’s establishment. As always, we are committed to the delivery of high-quality standards in service of the public interest, and to the faithful implementation of the reforms. We would like to thank IFAC for all its support to date, and for its continued involvement as the Foundation’s service provider.”

3. IESBA AND IAASB HIGHLIGHT COMMITMENT TO DELIVER ON RECOMMENDATIONS IN NEW IOSCO REPORT ON A GLOBAL ASSURANCE FRAMEWORK FOR SUSTAINABILITY-RELATED CORPORATE REPORTING

The International Ethics Standards Board for Accountants (IESBA) and International Auditing and Assurance Standards Board (IAASB) welcome the report released on 28 March 2023 by the International Organization of Securities Commissions (IOSCO) on developing a global assurance framework for sustainability-related corporate reporting. The IOSCO report reflects extensive research and feedback from key stakeholders. The report calls for timely development of ethics and assurance standards for sustainability reporting by the IESBA and the IAASB, respectively.

The IESBA and the IAASB have responded to growing demand for high-quality assurance over sustainability-related information to enhance the reliability of corporate reporting by
prioritizing their projects to develop relevant and complementary standards. Both the IESBA and IAASB will issue public consultations later this year on standards for sustainability ethics and assurance, respectively. Both boards plan to finalize their respective standards in 2024. IOSCO called for widespread outreach to ensure the standards meet the needs of users and benefit from diverse stakeholder input, among other recommendations. Both boards emphasize their commitment to address key considerations and recommendations presented in the IOSCO report.

Commenting on the IOSCO report, Gabriela Figueiredo Dias, IESBA chair, stated, “We appreciate IOSCO’s leadership in coordinating global consistency in sustainability assurance. The ethics standards that the IESBA is developing aim at supporting a robust ethical and independent approach to sustainability reporting and assurance in the public interest. We are involving all stakeholders at an early stage through global and inclusive consultation. We will continue to work collaboratively with IOSCO and other stakeholders to support a globally coordinated approach to ethics and assurance for sustainability reporting.”

Tom Seidenstein, IAASB chair, added, “We share the sense of urgency highlighted in IOSCO’s report, are on track to delivering a high-quality standard on time, and embrace the report’s call for an inclusive process. Our efforts will include outreach to a wide range of stakeholders to ensure our standards are of high quality, meet the needs of users, and are profession-agnostic. The IAASB will intensify external outreach in the second half of 2023 in conjunction with the publication of a draft sustainability assurance standard.”

4. **IESBA STRENGTHENS GLOBAL ETHICS STANDARDS TO RESPOND TO TRANSFORMATIVE EFFECTS OF TECHNOLOGICAL INNOVATION**

The International Ethics Standards Board for Accountants (IESBA) has on 11 April 2023 released the final revisions to the **International Code of Ethics for Professional Accountants (including International Independence Standards)** to further increase the Code’s robustness and expand its relevance in a world being fundamentally reshaped by rapid technological advancements and accelerating digitalization.

The revisions will guide the ethical mindset and behaviour of professional accountants in both business and public practice as they take advantage of the opportunities created by technology and adapt to new technology. Developed to remain relevant and applicable in the ever-evolving landscape of technology transformation, the revisions apply to the use of any technology, including to the extent possible, future technologies.

“Technological innovation is transforming how work is performed and how professional services are delivered as well as enabling new services in ways never before imagined,” said Ms. Gabriela Figueiredo Dias, IESBA Chair. “It is crucial and in the public interest that we provide strong, clear and principles-based standards to equip professional accountants around the world in navigating the ethical risks and challenges brought on by technology.”
The revisions, which were informed by extensive fact-finding and stakeholder outreach:

- Strengthen the Code in guiding the mindset and behaviour of professional accountants when they use technology.
- Provide enhanced guidance fit for the digital age in relation to the fundamental principles of confidentiality, and professional competence and due care, as well as in dealing with circumstances of complexity.
- Strengthen and clarify the International Independence Standards (IIS) by addressing the circumstances in which firms and network firms may or may not provide a technology-related non-assurance service to an audit or assurance client.

The revisions to the IIS will be effective for audits and reviews of financial statements for periods beginning on or after December 15, 2024. The other revisions to the ethics provisions of the Code will be effective as of December 15, 2024. Early adoption is permitted.

5. **IAASB Advances Timeline for Consultation for Proposal on Sustainability Assurance**

At its April meeting, the International Auditing and Assurance Standards Board (IAASB) confirmed its intention to advance the consultation on its proposed new standard for sustainability assurance, International Standard on Sustainability Assurance™ (ISSA) 5000, General Requirements for Sustainability Assurance Engagements. Subject to the expected IAASB approval of the Exposure Draft in June, stakeholders can now expect the public consultation on the proposed standard to open in the latter part of July or early August 2023 and extend into December 2023. The consultation was originally scheduled to commence in October 2023.

The advanced consultation will support two objectives. First, the earlier publication, accompanied by a comprehensive and global outreach strategy, will enable the IAASB to gain broad and early input into the development of ISSA 5000. Second, the advanced consultation period will better ensure the completion of the final standard in 2024. In a recent report, the International Organization of Securities Commissions (IOSCO) highlighted the importance of having ISSA 5000 developed in accordance with due process and ready in 2024 to support a global baseline for sustainability reporting and assurance standards that meets the public interest.

When complete, ISSA 5000 will be a stand-alone, overarching standard suitable for both limited and reasonable assurance of sustainability information reported across any sustainability topics. The standard will enable engagements of sustainability information prepared under multiple frameworks and be profession-agnostic, supporting its use by both professional accountant and non-professional accountant assurance practitioners in performing sustainability assurance engagements.

During the consultation process, the IAASB will continue to coordinate closely with the International Ethics Standards Board for Accountants (IESBA) as the IESBA progresses its project to develop ethics and independence standards for sustainability reporting and assurance. This coordination will ensure that the IESBA and IAASB’s collective efforts provide an integrated
package of ethics and assurance standards for sustainability by the end of 2024. The IAASB will also actively monitor, engage, and coordinate with other standard setters and organizations developing standards and guidance on sustainability reporting and assurance.

“The IAASB has prioritized the development of a high-quality, global sustainability assurance standard. In our recent outreach, stakeholders told us they are awaiting our proposals and urged us not to delay getting them into the market to benefit fully from diverse stakeholder opinion,” commented IAASB Chair Tom Seidenstein. “What will be critical now, as already encouraged by IOSCO, is for issuers, investors and other users, assurance providers, national standard setters, and others across the ecosystem to plan resources so that they can provide us their views during the consultation process. This is essential to ensure a final standard that is robust and drives high-quality assurance engagements, while meeting the needs of users and being profession-agnostic.”

The IAASB recently discussed this revised timetable with its oversight body, the Public Interest Oversight Board (PIOB). Linda de Beer, the PIOB Chair, said, “The PIOB is encouraging the IAASB to advance the development of a global assurance standard for sustainability reports and supports IAASB’s early and extensive consultation plan, as proposed by the IAASB’s timelines. It is in the public interest to have timely a single international assurance standard, set with an appropriate level of public interest oversight, to avoid fragmentation and potential market confusion in respect of the work effort and the level of assurance provided by all assurance providers on sustainability reports. We also welcome the IAASB and IESBA continuing coordination.”

6. **IAASB Opens Public Consultation for Its Revised Going Concern Standard**

The International Auditing and Assurance Standards Board (IAASB) has issued on 26 April 2023 the proposed revisions to its current standard on going concern, International Standard on Auditing 570 (Revised), Going Concern. The proposed changes aim to:

- Promote consistent practice and behavior and facilitate effective responses to identified risks of material misstatement related to going concern;
- Strengthen the auditor’s evaluation of management’s assessment of going concern, including reinforcing the importance, throughout the audit, of the appropriate exercise of professional skepticism; and
- Enhance transparency with respect to the auditor’s responsibilities and work related to going concern where appropriate, including strengthening communications and reporting requirements.

High-quality audits support the smooth functioning of capital markets, overall economic performance, and financial stability. The ongoing uncertainties in the broader economic environment, corporate failures across the globe in recent years, and the more recent turmoil in the financial services sector have put a spotlight on the topic of going concern. In addition, conditions, such as war and the global pandemic, have also heightened risks and focused attention on the challenges and issues related to auditors’ responsibilities and work related to management’s assessment of an entity’s ability to continue as a going concern.

“Investors, regulators, and other stakeholders have repeatedly called for more robust audit procedures related to going concern and for increased transparency regarding that work in the
auditor’s report,” noted IAASB Chair Tom Seidenstein. “The revisions proposed today are a step in that direction. The proposals seek to strengthen going concern requirements by substantially enhancing the auditor’s work effort in relation to going concern and providing enhanced, entity-specific information in the auditor’s report.” All stakeholders are invited to comment on the proposed revisions via the IAASB website by August 24, 2023.

7. IESBA STAFF RELEASES DATABASE OF PUBLIC INTEREST ENTITY DEFINITIONS BY JURISDICTION TO SUPPORT LOCAL ADOPTION AND IMPLEMENTATION EFFORTS

Staff of the International Ethics Standards Board for Accountants (IESBA) has on 27 April 2023 released a database of Public Interest Entity (PIE) definitions by jurisdiction (jurisdictional PIE database) to further support the adoption and effective implementation of the revisions to the definitions of listed entity and PIE (PIE revisions) in the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code). The revised PIE provisions specify a broader list of categories of entities as PIEs whose audits should be subject to additional independence requirements to meet stakeholders’ heightened expectations concerning auditor independence when an entity is a PIE.

The IESBA Staff has developed the jurisdictional PIE database as a resource to assist regulators, national standard setters, and other relevant bodies in developing or revising their definitions of PIE at the local level based on the IESBA’s PIE definition. This database covers 78 jurisdictions in the Americas, Europe, Africa, Asia, and Oceania.

Among other things, the PIE revisions:

- Expanded the list of PIE categories in the Code, including a new category, “publicly traded entity,” to replace the category “listed entity.”
- Recognize the essential role local bodies responsible for the adoption of the Code play in delineating the specific entities that should be scoped in as PIEs in their jurisdictions, encouraging them to properly define the PIE categories in the expanded definition and adding any other categories relevant to their environments.
- Introduce a transparency requirement for firms to publicly disclose the application of independence requirements for PIEs where they have done so.

The PIE revisions become effective for audits of financial statements for periods beginning on or after December 15, 2024. Early adoption is permitted and encouraged.
8. **ACCA, ACCOUNTANCY EUROPE & IFAC HOST INTERACTIVE DISCUSSION ON DEVELOPING GREEN SKILLS AND CAPACITY BUILDING**

As the world seeks to decarbonize its economies and achieve net zero emissions, there is an urgent need for stakeholders to understand and respond to that challenge.

Finance professionals and the accountancy profession have a critical role to play in putting sustainability at the heart of decision-making and in enabling responsible corporate practices in the public interest. They must, however, be equipped with the right education and skills to do.

As a Partner Event of the *EU Green Week 2023, Developing green skills for finance professionals - Building capacity for a fair and sustainable transition* will be held virtually on 8 June 8, 2023 from 4:00pm-5:15pm.

The Association of Chartered Certified Accountants (ACCA), Accountancy Europe and the International Federation of Accountants (IFAC) are bringing together global experts to discuss the skills and education needed for finance professionals to contribute to a green and just transition, focussing in particular on:

- How to identify and create the right framework for sustainability education for finance professionals
- The strong need for capacity building in the sustainability information space, and
- Challenges and opportunities for practitioners

Helen Brand, Chief Executive of ACCA, said: “Finance and accountancy professionals, including auditors, have a key role to play in the transition to a greener global economy. They are increasingly informing and driving sustainability reporting and strategies in businesses across every sector. So it’s crucial that they are equipped with the necessary knowledge and skills.” “Sustainability education and training are crucial to help accounting and finance professionals address the impacts of climate change in what companies report, empowering them with the knowledge and expertise needed, said Kevin Dancey, IFAC CEO. “We need to build capability and capacity for high-quality, decision-useful sustainability disclosures—it all starts with education.”

“A just sustainable transition requires appropriate skills and training”, said Olivier Boutellis-Taft, Accountancy Europe’s CEO. "The accountancy profession has relevant knowledge and practical experience and also needs to continue expanding its ability to respond to societal needs and support the fundamental changes required to transform our economy.”

The event will feature:

- Olivier Boutellis-Taft, CEO, Accountancy Europe
- Anne Marie Vitale, IFAC’s chair of the International Panel on Accountancy Education
- Sharon Machado, Head of Sustainable Business, ACCA
- Mardi McBrien, Chief of Strategic Affairs & Capacity Building, IFRS Foundation
- Bianca Isaincu, Policy Analyst, financial literacy and sustainable finance, OECD
• Adriana Tiron Tudor, Chair of Professional Accountancy Education in Europe
• Clemence Lecat, Senior Manager Accounting Expertise, Unilever

Note:

The event is free to attend and will be held in English via zoom.

9. NEW IFAC PUBLICATION EQUIPS ACCOUNTANCY ORGANIZATIONS TO LEAD THE FIGHT AGAINST CORRUPTION

A new tool from the International Federation of Accountants (IFAC) is now available to help professional accountancy organizations take leading roles in the anti-corruption fight in their jurisdictions. *Global Fight, Local Actions: Anti-Corruption Advocacy Workbook* for PAOs equips PAOs and accountancy profession leaders with the background and framework to craft bespoke approaches and messages that best fit their jurisdiction and needs.

Global Fight, Local Actions was used to facilitate discussion at the annual Pan African Federation of Accountants PAO Leadership Forum as part of a workshop on anti-money laundering and the Financial Action Task Force (FATF) “Grey List.” The PAFA Forum was held in advance of the 2023 African Congress of Accountants, taking place this week in Abidjan, Côte d’Ivoire.

“PAOs and the accountancy profession are essential stakeholders at the center of the fight against corruption, in every jurisdiction, in every region,” said Scott Hanson, Director of Policy & Global Engagement at IFAC. “Equipping our member organizations to lead anti-corruption efforts in their jurisdictions was one of our priority actions in last year’s Action Plan for Fighting Corruption and Economic Crime, which this new workbook delivers. We look forward to talking to PAOs around the world to continue helping them develop their national anti-corruption advocacy plans.”

IFAC also plans to build off Global Fight, Local Action with additional initiatives on priority anti-corruption areas, including the interconnected issues of sustainability reporting, public financial management, and financial literacy.

10. KEY QUESTIONS FOR AUDIT COMMITTEES OVERSEEING SUSTAINABILITY-RELATED DISCLOSURE

To implement the International Sustainability Standards Board’s (ISSB’s) standards and jurisdictional standards and regulatory requirements, organizations must ensure effective oversight arrangements to deliver high quality, cost effective and decision useful reporting. As reporting and assurance of sustainability-related disclosure evolves, audit committees have a critical role to play in expanding their existing oversight responsibilities for financial reporting and compliance to sustainability-related disclosures.

Because many professional accountants serve on and are accountable to audit committees, the International Federation of Accountants (IFAC), has on 24 May 2023 released *Key Questions for
Audit Committees Overseeing Sustainability-Related Disclosure to prepare audit committees with effective questions to ask when overseeing sustainability and ESG related disclosures.

The key questions for audit committees cover:

- Roles and responsibilities across the organization
- Data collection, processes and controls
- What’s being reported?
- Audit and assurance

“Professional accountants serving on boards and audit committees play critical roles in the oversight of sustainability-related disclosures, and this release will help prepare audit committees step up their roles to advance sustainability,” said Kevin Dancey, IFAC CEO. “We also encourage professional accountancy organizations (PAOs) to utilize these key questions to help their members stay up to date with, and prepare for, expanding oversight responsibilities in relation to sustainability.”

11. IFAC, TI-UK, AND WORLD ECONOMIC FORUM’S PACI REVIEW OF ANTI-CORRUPTION REPORTING SHEDS LIGHT ON CURRENT PRACTICE & ENCOURAGES INCREASED TRANSPARENCY

At a time when companies, investors, and financial markets are calling for increased transparency and accountability for anti-corruption efforts, the International Federation of Accountants (IFAC), Transparency International UK (TI-UK) and the World Economic Forum’s Partnering Against Corruption Initiative (the Forum’s PACI) have published a comprehensive review of anti-corruption corporate reporting by the largest publicly traded companies worldwide.

The report decodes the current state of anti-corruption reporting practices and highlights the urgent need for enhanced quality, reliability, and comparability in this crucial area. It also raises a series of policy questions around jurisdictional differences, comparability, governance, and the completeness and reliability of the information provided.

IFAC CEO Kevin Dancey said: “Our findings are mixed—the report reveals both progress and challenges, and significantly different disclosure practices in jurisdictions. We must collectively address the gaps and differences to ensure anti-corruption reporting achieves the same level of rigor, transparency, and trust as financial reporting. IFAC, TI-UK and the Forum’s PACI are committed to engaging stakeholders based on this research and holding ongoing conversations to drive meaningful change.”

TI-UK CEO Daniel Bruce said: “Corruption has far-reaching negative consequences, undermining public services, economic opportunities, and achieving the United Nations Sustainable Development Goals. Fighting corruption requires collaboration among diverse stakeholders, including governments, businesses, and society at large. Through collaboration and dialogue, we can work toward a future where businesses uphold the highest standards of integrity, contribute to sustainable development, and combat corruption effectively."
IFAC, TI-UK and the Forum’s PACI urge stakeholders to join forces in advancing anti-corruption reporting, enhancing its quality, reliability, and comparability. By working together, we can forge a future where corruption is eradicated, economic progress is safeguarded, and sustainable development becomes a shared reality.

Findings

- Nearly all (95%) of companies reviewed disclose some information about anti-corruption policies, training, and/or results.
- Most of these companies use internationally recognized sustainability standards (61% use GRI and 17% use SASB) to report anti-corruption information.
- There is little comparability between anti-corruption disclosure.
- Few companies disclose corruption incidents (37%) or the costs of corruption (4%).
- The majority (72%) of companies are not obtaining assurance on anti-corruption information.

Please visit the IFAC website for more information.

For further information: http://www.ifac.org

Financial Reporting Council
June 2023