

## FINANCIAL REPORTING COUNCIL

### MONTHLY UPDATES (February to May 2024) – What’s new from the International Federation of Accountants (IFAC)

The main topics for discussion at the IFAC during the period from February to May 2024 were with respect to:

#### **February 2024**

- 1. IAF AND IESBA JOIN FORCES TO SUPPORT GROWTH IN THE MARKET FOR HIGH-QUALITY SUSTAINABILITY INFORMATION**
- 2. IFAC’S PROFESSIONAL ACCOUNTANTS IN BUSINESS ADVISORY GROUP WELCOMES NEW MEMBERS**
- 3. IAASB MOVES TO STRENGTHEN AUDITORS’ EFFORTS RELATED TO FRAUD**
- 4. IESBA TO HOLD INTERACTIVE WEBINARS ON THE PROPOSED IESSA AND ETHICS STANDARDS RELATING TO SUSTAINABILITY REPORTING AND USING THE WORK OF AN EXTERNAL EXPERT**
- 5. SUSTAINABILITY REPORTING AND ASSURANCE PRACTICES OF LARGEST GLOBAL COMPANIES CONTINUE TO MATURE, IFAC, AICPA & CIMA STUDY SHOWS**

#### **March 2024**

- 6. IAASB LAUNCHES NEW VIDEO SERIES AND GLOBAL WEBINAR TO UNDERSTAND THE ISA FOR LCE**
- 7. IESBA STAFF RELEASES A HIGH-LEVEL SUMMARY OF PROHIBITIONS IN THE IESBA CODE FOR AUDITS OF PUBLIC INTEREST ENTITIES**
- 8. IFAC PUBLISHES UPDATED GUIDE FOR TRAINERS TO SUPPORT IPSAS IMPLEMENTATION**

#### **April 2024**

- 9. NEW IAASB VIDEO SERIES EXPLORES PROPOSED CHANGES TO FRAUD STANDARD**
- 10. IFAC IDENTIFIES KEY AREAS ACCOUNTANTS NEED TO UPDATE THEIR KNOWLEDGE & SKILLS TO PREPARE FOR INCREASING SUSTAINABILITY DEMANDS**
- 11. IAASB ANNOUNCES NEW STRATEGY AND WORK PLAN TO ADVANCE GLOBAL AUDIT AND ASSURANCE STANDARDS**

12. IESBA UNVEILS 4-YEAR STRATEGIC ROADMAP PUTTING ETHICS AT THE HEART OF CORPORATE DECISION-MAKING
13. IESBA LAUNCHES FIRST GLOBAL ETHICS STANDARDS ON TAX PLANNING
14. EQUIPPING ACCOUNTANTS FOR SUSTAINABILITY REPORTING: IFAC PROPOSES ENHANCEMENTS TO INTERNATIONAL EDUCATION STANDARDS

**May 2024**

15. JOINT STATEMENT FROM THE IAASB AND IESBA CHAIRS ON THE ISSB'S NEW JURISDICTIONAL ADOPTION GUIDE
16. IFAC CONGRATULATES IFRS FOUNDATION AND INTERNATIONAL SUSTAINABILITY STANDARDS BOARD (ISSB) ON GROWING GLOBAL COMMITMENT TO ISSB STANDARDS,  
WELCOMES NEW JURISDICTIONAL GUIDE

## 1. IAF AND IESBA JOIN FORCES TO SUPPORT GROWTH IN THE MARKET FOR HIGH-QUALITY SUSTAINABILITY INFORMATION

The International Accreditation Forum (IAF) and the International Ethics Standards Board for Accountants (IESBA) has on 05 February 2024 announced a strategic partnership to advance the use of a common framework of high standards of ethical conduct to underpin trust in the assurance of sustainability information.

After extensive engagement over the previous six months, the IAF and the IESBA have agreed to common objectives to support the growth of transparent, relevant, and trustworthy corporate sustainability disclosures. The cornerstone of the partnership is the IAF's stipulation to national accreditation bodies around the world that the IESBA's proposed *International Ethics Standards for Sustainability Assurance (including International Independence Standards)* (IESSA) are to be used when accrediting and authorizing conformity assessment bodies to carry out assurance work on corporate sustainability disclosures.<sup>1</sup> The IESBA recently [launched](#) the public consultation on the proposed IESSA and related standards, and is expected to finalize the standards by the end of the year.

Among the key elements of the agreement, both the IAF and the IESBA:

- Recognize the importance of having a global baseline of high-quality ethics (including independence) standards consistently applied by, and enforced on, all providers of assurance services on corporate sustainability disclosures, whether audit firms, conformity assessment bodies or others.
- Agree on the importance of establishing connections between the two organizations and to promote consistent use of a global framework of high-quality ethics standards for sustainability assurance.
- Will collaborate to determine how to incorporate the IESSA as part of the accredited verification activities of ISO/IEC 17029-compliant programs as they apply to assurance of sustainability information.
- Will share strategic insights and perspectives on their respective work as it relates to assurance of corporate sustainability disclosures.
- Will explore collaboration with respect to training activities for accreditation bodies and conformity assessment bodies in relation to the proposed IESSA.

Corporate sustainability disclosures provide stakeholders with vital insights into a company's sustainability practices. Beyond compliance with evolving regulations and standards, sustainability disclosures offer companies a competitive advantage, attracting socially conscious investors, enhancing brand loyalty, and fostering resilience in the face of environmental and social risks. Assurance of these disclosures plays a crucial role in ensuring trust in reporting, particularly given the subjectivity, prospectivity and immaturity of the data underpinning the disclosures.

“Trustworthy sustainability disclosures are vital in demonstrating a company's commitment to sustainability practices,” said Emanuele Riva, IAF Chair. “Through this partnership, we strive to foster trust and confidence in sustainability reporting worldwide.”

Gabriela Figueiredo Dias, IESBA Chair, said: “A robust, global ethical framework, developed by the IESBA under public oversight and embraced by the IAF, will spur growth in the supply of sustainability assurance practitioners to meet the rapidly increasing market demand for high-quality sustainability information. I am proud of the IESBA and the IAF embarking on this exciting partnership together, which is undoubtedly in the public interest.”

## 2. IFAC’S PROFESSIONAL ACCOUNTANTS IN BUSINESS ADVISORY GROUP WELCOMES NEW MEMBERS

Professional accountants in business (PAIB) play a vital role within various sectors such as commerce, industry, financial services, education, and the public and non-profit sectors. IFAC’s PAIB Advisory Group, established in 1977, is a global forum of finance and business leaders advising the global accountancy profession and its members on critical areas such as sustainability and digital transitions so that PAIBs are well prepared to meet the evolving needs of both business and the public sector in the future.

The newest PAIB Advisory Group members are:

- [Mike Driver](#), Past President, CIPFA & Independent Non-Executive Director (United Kingdom)
- [Ruth Gardiner Forbes](#), President and CEO, Fortis TCI Ltd (Turks and Caicos Islands)
- [Lisa Kelley](#), Managing Director, Floating Interest Corporation (United States of America)
- [Josephine Okui Ossiya](#), CEO, Capital Markets Authority of Uganda (Uganda)
- [Aniket Sunil Talati](#), Senior Partner, Management Consultancy Services and Advisory, Talati & Talati LLP (India)
- [Charles Xuereb](#), CEO, Trident Estates Plc (Malta)

With these additions, the PAIB Advisory Group has achieved gender parity. Sanjay Rughani remains Chair and Sharon Ditchburn has been appointed Deputy Chair.

"Every member brings a distinctive and valuable viewpoint on the contributions of professional accountants in business and finance leadership," said Sanjay Rughani, Chair, IFAC PAIB Advisory Group. "We are privileged to welcome these new members who will share their diverse experiences and offer strategic insights on the profession, expanding its contribution to sustainable economic development worldwide and serve as global champions for the profession."

The continuing PAIB Advisory Group members are:

- Sanjay Rughani, Chair, CEO, Standard Chartered Bank Uganda (Uganda)
- Sharon Ditchburn, Deputy Chair, & Managing Director/Founder, Capital Advantage Consultants (Australia)
- Zia-Ul-Mustafa Awan, CFO and Business Administrator, Pakistan Expo Centres Private Limited (Pakistan)

- Anastasija Boljević, Secretary General, Institute of Certified Accountants of Montenegro (Republic of Montenegro)
- Esther Bosch, Director Risk & Audit, Royal Schiphol Group (Netherlands)
- Ibrahim (Murat) Çağlar, Chief Financial Officer, Sanovel (Türkiye)
- Eric Freudenreich, Independent Non-Executive Director (France)
- Lindawati Gani, Professor in Management Accounting, Faculty of Economics and Business, Universitas Indonesia (Indonesia)
- Tim Herrod, Vice President, Global Procurement, Albemarle Corporation (Canada)
- Margaret Muinde, Financial Controller, Kenya Roads Board (Kenya)
- Maria del Dado Alonso Sanchez, Group CFO, Berlin Brands Group (Spain)
- Milton Segal, Executive Director: Standards, South African Institute of Chartered Accountants (South Africa)
- Muhammad Samiullah Siddiqui, CFO, Oxford University Press Pakistan (Pakistan)
- Nancy Sau Ling Tse, JP, Independent Non-Executive Director [Hong Kong (Special Administrative Region of China)]
- Ichiro Waki, Group CEO, JBA Group (Japan)
- Gloria Zvaravanhu, Managing Director, Old Mutual Insurance Company (Zimbabwe)

Member expertise is drawn upon to deliver timely reports, articles, and case studies relevant to professional accountants in business across the globe.

### 3. IAASB MOVES TO STRENGTHEN AUDITORS' EFFORTS RELATED TO FRAUD

The International Auditing and Assurance Standards Board (IAASB) has on 06 February 2024 *proposed a significant strengthening of its standard on auditors' responsibilities relating to fraud*. Recent corporate failures throughout the world have underscored the benefits of clarifying and enhancing the role of auditors in responding to fraud and suspected fraud as a means of enhancing public trust in financial reporting.

IAASB Chair Tom Seidenstein emphasized that the proposed revisions define the expectations in relation to fraud, delineate more robust procedures, and increase transparency about the auditors' responsibilities and fraud-related procedures in the auditor's report. "While many participants in the financial reporting ecosystem, particularly management and those charged with governance, have a role in preventing fraud, our standard focuses on the key role that auditors play. While auditors are not policemen, they can and must play a role in identifying and responding to material misstatements of the financial statements due to fraud and communicating their work to users. This proposed standard is an important step forward," said Mr. Seidenstein.

#### Key Changes in the Proposed Revisions

The proposed revisions to International Standard on Auditing 240 (Revised), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements, include:

1. Clarified auditor responsibilities relating to fraud in an audit.
2. Emphasized professional skepticism to ensure auditors remain alert to possible fraud and exercise professional skepticism throughout an audit.
3. Strengthened identification and assessment of risks of material misstatement due to fraud.

4. Clarified response to fraud or suspected fraud identified during the audit.
5. Increased ongoing communication with management and those charged with governance about fraud.
6. Increased transparency about auditors' responsibilities and fraud-related procedures in the auditor's report.
7. Enhanced audit documentation requirements about fraud-related procedures.

#### **Video Series Planned to Facilitate Understanding**

During the consultation period, IAASB will release a videos series to help stakeholders understand the proposed revisions and their implications for strengthening the financial reporting ecosystem.

#### **How to Provide Feedback**

The IAASB invites all stakeholder to submit their comments using the Response Template, by June 5, 2024.

#### **4. IESBA TO HOLD INTERACTIVE WEBINARS ON THE PROPOSED IESSA AND ETHICS STANDARDS RELATING TO SUSTAINABILITY REPORTING AND USING THE WORK OF AN EXTERNAL EXPERT**

The IESBA held interactive global webinars to present the key proposals in the Exposure Drafts on International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting and Using the Work of an External Expert.

The Exposure Draft on IESSA and ethics standards for sustainability reporting proposes a clear framework of expected behaviors and ethics provisions for use by all sustainability assurance practitioners, regardless of their professional backgrounds, as well as professional accountants involved in sustainability reporting. The goal of these standards is to mitigate greenwashing and elevate the quality of sustainability information, thereby fostering greater public and institutional trust in sustainability reporting and assurance.

The Exposure Draft on Using the Work of an External Expert proposes an ethical framework to guide professional accountants or sustainability assurance practitioners, as applicable, in evaluating whether an external expert has the necessary competence, capabilities, and objectivity in order to use that expert's work for the intended purposes.

The proposals also include provisions to aid in applying the Code's conceptual framework when using the work of an external expert.

These proposed ethics (including independence) standards are especially relevant in a context where sustainability information is increasingly important for capital markets, consumers, corporations and their employees, governments and society at large, and when assurance providers outside of the accounting profession play a prominent role in sustainability assurance.

The following webinars provided useful information and valuable insight on the proposals in the Exposure Drafts for participants from all stakeholder groups, including regulators, preparers

of sustainability information, sustainability assurance practitioners from all backgrounds, and investors:

- Webinar for the Using the Work of an External Expert Exposure Draft
- Webinars for the Sustainability Exposure Draft

The webinars, held in English were available on YouTube.

## 5. SUSTAINABILITY REPORTING AND ASSURANCE PRACTICES OF LARGEST GLOBAL COMPANIES CONTINUE TO MATURE, IFAC, AICPA & CIMA STUDY SHOWS

- 98% of companies reported some level of detail on sustainability
- 69% obtained assurance on at least some of their sustainability disclosures
- The mix of reporting standards used by companies remains fragmented

The largest global companies are providing more detail and breadth in their sustainability reporting, and also are obtaining a greater scope of assurance on those disclosures, according to an updated report from the International Federation of Accountants (IFAC) and AICPA & CIMA. The study, an annual benchmark that now includes 2022 data, also found the use of varying sustainability standards and frameworks continues to make it difficult for investors, lenders, and other stakeholders to find consistent and comparable sustainability information.

While progress is being made, the report, *The State of Play: Sustainability Disclosure and Assurance 2019-2022, Trends and Analysis*, highlights the need for companies worldwide to move toward a global system of sustainability disclosure requirements. On a positive note, the study found over half of companies use the Sustainability Accounting Standards Board (SASB) Standards and the Task Force on Climate-related Financial Disclosures (TCFD) Framework, which should ease the transition to the International Sustainability Standards Board (ISSB) standards, which were released last year.

“While we’re moving toward commonly accepted global standards, some 87% of companies continued to use a mix of standards and frameworks for reporting,” said David Madon, IFAC’s director of sustainability, policy and regulatory affairs. “That leaves investors and lenders in a bind when it comes to having consistent, comparable and high-quality sustainability information at hand.”

Among the highlights of the updated study:

- **Almost all companies (98%) report some information on sustainability.** That’s an increase from 91% in 2019, when IFAC and AICPA & CIMA first began conducting research in this area.
- **Use of standalone sustainability reports has declined by 27 percentage points in the past three years.** Only 30% of companies used a standalone sustainability report in 2022, reflecting the growing inclusion of that information in companies’ annual or integrated reports.

- **69% of companies obtained assurance on at least some of their sustainability disclosures**, up five percentage points from last year and 18 percentage points from 2019. The scope of assurance areas also expanded, yet still remains limited in general.
- **Accountancy firms (as opposed to consultants or other service providers) handled 58% of the assurance engagements related to sustainability in 2022**, a percentage point better than the previous year. Some markets, notably the United States, fall well below 50%.

“When companies use accounting firms for sustainability assurance, they’re more likely to choose the same firm they use to audit their financial statements,” said Sue Coffey, AICPA & CIMA’s Chief Executive Officer – Public Accounting. “Because the level of confidence with and reliability on sustainability disclosure should be the same as financial information, we expect more companies will recognize that accounting firms are best suited for this critical work. We think this is a likely driver behind the increase from 16% to 23% for U.S. accounting firms performing this work.”

## 6. **IAASB LAUNCHES NEW VIDEO SERIES AND GLOBAL WEBINAR TO UNDERSTAND THE ISA FOR LCE**

New resources from the International Auditing and Assurance Standards Board (IAASB) are now available to help stakeholders understand, implement, and use the new standard for audits of smaller and less complex entities (the ISA for LCE). A comprehensive new three-part video series is available.

### **Navigating the ISA for LCE Video Series**

The newly released video series details important aspects of the standard.

- **Exploring the Benefits:** Learn more about the objectives, benefits, and its distinguishing features compared to the full suite of ISAs.
- **A Closer Look at Applicability and Use:** Understand the conditions under which the standard can be applied, including the role of legislative and regulatory authorities.
- **A Step-by-Step Walkthrough:** Gain an in-depth understanding of the standard’s design principles, structure, and content layout.

All materials will be available on the IAASB website: [www.iaasb.org/ISAforLCE](http://www.iaasb.org/ISAforLCE)

## 7. **IESBA STAFF RELEASES A HIGH-LEVEL SUMMARY OF PROHIBITIONS IN THE IESBA CODE FOR AUDITS OF PUBLIC INTEREST ENTITIES**

The Staff of the International Ethics Standards Board for Accountants (IESBA) has on 18 March 2024 released a high-level summary of prohibitions in the International Code of Ethics for Professional Accountants, (including International Independence Standards) (the Code), especially in relation to independence for audits of public interest entities (PIEs).

The high-level summary is designed to highlight non-assurance services, relationships, interests or circumstances that are prohibited for PIE audits. It will be a useful reference to stakeholders, including regulators and audit oversight bodies, audit firms and individual audit practitioners,



the corporate governance community, investors, preparers, and educational bodies or institutions.

The high-level summary is not a substitute for reading the Code. Footnote references to the relevant provisions in the Code have been provided to assist further understanding of the prohibitions.

## 8. IFAC PUBLISHES UPDATED GUIDE FOR TRAINERS TO SUPPORT IPSAS IMPLEMENTATION

Implementing accrual accounting is a significant priority for many public sector and government entities across jurisdictions as it enhances decision-making and improves transparency and accountability. Adopting and implementing accrual accounting standards successfully can be an intricate process involving many stakeholders.

To assist governments and government entities interested to report in accordance with the accrual-based International Public Sector Accounting Standards (IPSAS), IFAC has released a package of training materials collectively titled *Implementing IPSAS: A Guide for Trainers* for use by trainers to teach others about the standards and how to apply them.

Implementing IPSAS: A Guide for Trainers is the 2024 edition to Train the Trainer: Introduction to IPSAS released in November 2020. The 2024 edition includes updates to incorporate standards and pronouncements recently issued, including IPSAS 46, Measurement, IPSAS 47, Revenue, IPSAS 48, Transfer Expenses, and IPSAS 43, Leases.

Implementing IPSAS: A Guide for Trainers contains ten modules separated into topics that can be delivered as individual sessions. Each module includes a manual for the trainer and an accompanying set of slides which can be customized to suit their specific needs. Some modules also contain supplementary video content.

“Transitioning to accrual and implementing IPSAS is an in-depth, team effort for a jurisdiction or public sector entity,” said Laura Leka, IFAC Principal. “These materials, created with input from the IPSASB, are comprehensive, technically sound, and can help in the provision of training that delivers the skills and knowledge necessary for a successful reform program.”

## 9. NEW IAASB VIDEO SERIES EXPLORES PROPOSED CHANGES TO FRAUD STANDARD

As the International Auditing and Assurance Standards Board reaches the midpoint of its public consultation on proposed amendments to its fraud standard, a new four-part video series has been released. The series will help stakeholders understand the proposed changes that strengthen auditor’s responsibilities related to fraud, and the rationale behind them.

*Explore the ‘Understanding Proposed Changes to the Fraud Auditing Standard Video Series’:*

- **Overview of Key Changes:** Gain an understanding of the proposed key changes from IAASB Member and Fraud Task Force Chair [Julie Corden](#). Julie also provides brief background information and why these changes are being proposed.

- **Spotlight on Auditor’s Responsibilities:** Understand auditors’ responsibilities relating to fraud in an audit. IAASB Senior Manager [Nathalie Baumgaertener Dutang](#) explains how the proposed changes make these responsibilities clearer and more practical.
- **Auditor’s Response to Fraud or Suspected Fraud:** How are auditors, and engagement partners, being asked to enhance how they respond to fraud or suspected fraud? IAASB Principal [Angelo Giardina](#) outlines the new requirements, relocated requirements, and clarifications.
- **Enhanced Transparency in the Auditor’s Report:** Join IAASB Director [Jasper van den Hout](#) to learn more about how the proposed changes will enhance transparency in the auditor’s report regarding auditors’ responsibilities relating to fraud as well as fraud-related procedures (i.e., Key Audit Matters related to fraud).

The [proposed changes to ISA 240](#) significantly strengthen auditors’ responsibilities relating to fraud. The IAASB encourages all stakeholders to submit their comments.

## 10. IFAC IDENTIFIES KEY AREAS ACCOUNTANTS NEED TO UPDATE THEIR KNOWLEDGE & SKILLS TO PREPARE FOR INCREASING SUSTAINABILITY DEMANDS

The International Federation of Accountants (IFAC) has released a new publication setting out four key areas where accountants need to update their knowledge to meet the growing demand for high-quality sustainability-related information. [Equipping Professional Accountants for Sustainability: What’s New and What Hasn’t Changed](#) speaks to the vital role accountants play in producing reliable sustainability-related data, reporting and assurance, as well as the importance of education and training in ensuring professional accountants are able to meet society’s needs.

Much of what accountants already do is transferable to sustainability; however, new topics and challenges require new ways of thinking and working. The framework aims to help professional accountants as well as professional accountancy organizations close any gaps between known and needed technical expertise, business acumen, behavioral competence, and ethics and professional values.

The publication was developed following previous [sustainability and education research](#) as part of work to revise the International Education Standards and with the support of the IFAC International Panel on Accountancy Education.

The publication is available on the IFAC website and complements IFAC’s existing resources on sustainability, including webinars, podcasts, and publications, all of which are available on the [IFAC Knowledge Gateway](#).

## 11. IAASB ANNOUNCES NEW STRATEGY AND WORK PLAN TO ADVANCE GLOBAL AUDIT AND ASSURANCE STANDARDS

The International Auditing and Assurance Standards Board (IAASB) published its approved strategy and work plan aimed at enhancing consistency and quality of audit and assurance

standards worldwide. [Elevating Trust in Audit and Assurance: IAASB's Strategy and Work Plan for 2024-2027](#) reflects the crucial role of audit and assurance in fostering trust in the world's economies.

"Audit and assurance play vital roles in the world's economies," said IAASB Chair Tom Seidentstein. "At their best, audit and assurance practitioners enhance trust in markets and assist in efficient, sustainable resource allocation. That is why the IAASB is dedicated to developing relevant, high-quality standards under a rigorous and transparent due process."

The IAASB's previous strategy (2020-2023) saw significant progress on key objectives, including adopting agile methodologies and engaging with a broader range of stakeholders. Notable achievements include the suite of quality management standards, an enhanced special considerations standard for audits of group financial statements, the International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (known as the ISA for LCE), and developing a proposed standard for sustainability assurance engagements, among other achievements.

Building upon these successes, the new Strategy reaffirms the IAASB's commitment to serving the public interest by developing globally accepted audit, review, and other assurance standards.

Key highlights of the Strategy include:

- Completing priority audit and assurance projects, with emphasis on fraud, going concern, and sustainability assurance.
- Commencing new initiatives and projects, including focusing on supporting the adoption and implementation on our overarching standard for sustainability assurance engagements, establishing an IAASB Technology Position, and conducting post-implementation reviews, as well as standard setting on, among other topics, audit evidence and risk response, materiality, and reviews of interim financial information.
- Collaborating with official stakeholders across the external reporting ecosystem, including the International Ethics Standards Board for Accountants (IESBA), regulators, and standard setters, in addition to other stakeholders.
- Engaging with regulatory and standard-setting partners to strengthen trust in markets globally.
- Further implementing the Monitoring Group's recommendations to enhance independence and accountability in standard setting.

IESBA, IAASB's partner board, also issued its strategy and work plan for the same period today, [Towards a More Sustainable Future: Advancing the Centrality of Ethics](#). It features IESBA's vision and strategic goals, underpinning its ambition to achieve global recognition and acceptance of the *International Code of Ethics for Professional Accountants (Including Independence Standards)*.

## 12. IESBA UNVEILS 4-YEAR STRATEGIC ROADMAP PUTTING ETHICS AT THE HEART OF CORPORATE DECISION-MAKING

***Expansion of IESBA activity to address culture and governance at accounting firms.***

***Exploration of increased scope and applicability of the IESBA Code to all individuals who perform the same activities as professional accountants.***

***New workstream to address the evolving role of the CFO in protecting the integrity of financial and non-financial information.***

The International Ethics Standards Board for Accountants (IESBA) has on 11 April 2024 announced the publication of its Strategy and Work Plan for 2024-2027 (SWP), titled *Towards a More Sustainable Future: Advancing the Centrality of Ethics*. The SWP sets out the IESBA's vision and strategic goals and actions, underpinning its ambition to put the *International Code of Ethics for Professional Accountants (including International Independence Standards)* at the heart of business and organizations.

"Putting ethics at the center of every business judgment and decision is the surest way to earn, restore and strengthen public trust in all that an organization does. The external landscape continues to evolve, presenting new dynamics and challenges, but good ethical behavior acts as a constant amidst the uncertainty. It is about integrity, expected behaviors and mindset, and making the right decision," said Gabriela Figueiredo Dias, IESBA Chair. "Our new strategic plan reflects the IESBA's unwavering determination to face the external environment head-on, broaden the reach and scope of our work, and set the highest standards of ethical conduct for professional accountants and others who play a role, large or small, in the financial and non-financial information supply chain. That is how our work, vision and ambition support the proper functioning and sustainability of organizations, financial markets and economies worldwide in the public interest."

Within the SWP, the IESBA has identified two high-priority strategic areas of focus, namely:

- Accounting firm culture and governance, which seeks to identify potential actions the IESBA might take within or outside the Code to respond to the persistent high-profile cases of unethical behavior in accounting firms.
- Exploring the opportunity to extend the impact of the Code beyond the accountancy profession to a wider array of individuals who perform similar work as professional accountants, building on its current project to develop profession-agnostic ethics, including independence, standards for all sustainability assurance practitioners. Among other matters, this will include a new workstream to explore expanding the scope and applicability of the Code beyond professional accountants to all preparers of sustainability information.

Other key highlights of the SWP include:

- New initiatives to explore ethical considerations relating to the evolving role of CFOs and other senior professional accountants in business, and independence considerations relating to business relationships between firms and their audit clients.

- A commitment to conduct a series of post-implementation reviews for significant ethics, including independence, standards the IESBA issued in recent years.
- Ongoing monitoring of the rapidly changing landscape of technological transformations and their impact on the professional activities and services performed by professional accountants and others, with a view to determining the need for any further standard-setting or other actions the IESBA might take in the public interest.
- A commitment to close coordination with the IESBA’s sister Board, the International Auditing and Assurance Standards Board (IAASB), and to fostering collaborative relationships with other standard-setters to ensure standards interoperability.

The SWP represents the culmination of careful assessment of market developments and thoughtful consideration of stakeholder feedback from the IESBA’s extensive outreach and consultation activities over a two-year period.

In developing its SWP, the IESBA engaged closely with IAASB, which also issued its Strategy and Work Plan 2024-2027, *Advancing Public Trust and Strengthening Global Audit and Assurance*.

### 13. IESBA LAUNCHES FIRST GLOBAL ETHICS STANDARDS ON TAX PLANNING

***New standards will strengthen the ethical framework that guides professional accountants providing tax planning services; other providers strongly encouraged to follow the standards.***

***Comprehensive framework includes a new requirement and guidance on due consideration of reputational, commercial, and wider economic consequences in their tax advice.***

***Aims to restore public trust on a core topic to the social contract between corporations and the market which supports them.***

The International Ethics Standards Board for Accountants (“IESBA”) has on 15 April 2024 announced the launch of the first comprehensive suite of global **standards on ethical considerations in tax planning and related services**, incorporated in the IESBA Code of Ethics.

Following certification by the Public Interest Oversight Board (PIOB), the standards establish a clear framework of expected behaviors and ethics provisions for use by all professional accountants, and respond to public interest concerns about tax avoidance and the role played by consultants in light of revelations in recent years such as the Paradise and Pandora Papers.

Moving away from a purely mechanical and legalistic approach, the goal of the standards is to provide a principles-based framework and a global ethical benchmark applicable to tax planning services and activities. This will establish a consistent point of reference for all professional accountants, as well as other tax professionals who are strongly encouraged to use the standards, when dealing with tax planning, to ensure due consideration of public interest as well as potential reputational, commercial, and wider economic consequences for their clients or employing organizations.

These standards are especially relevant in the context of rising public scrutiny of tax avoidance schemes which can harm companies’ credibility and corporate reputation, as well as risking litigation and harming the public interest. Responding to increased public interest concerns, the

fundamental goal of these standards is to ensure an ethical, credible basis for advising on tax planning arrangements, thereby restoring public and institutional trust on a topic that is core to the social contract between corporations and the market which supports them.

Gabriela Figueiredo Dias, Chair of the IESBA commented: “Professional accountants have an important duty to their clients but must not lose sight of their fundamental duty to the public interest. As scandals in recent years have shown, though some behaviors may be legal under the letter of the law in certain jurisdictions, the ‘grey area’ of tax is not always the ethical way forward. These standards provide a robust framework to help professional accountants, as well as all other tax advisers whom we strongly encourage to adopt or use the standards, navigate the ethical decisions in this complex area that are central to trust in the entire system.”

Pascal Saint-Amans, former Director OECD Centre for Tax Policy and Administration, said: “I commend IESBA on the launch of the world’s first ethics standards on tax planning, which I’m sure will catalyze a much-needed change in mindset and behaviors. As public scrutiny increases, tax avoidance becomes less tolerated. Ethics is a central tenet of good tax behavior and advice and IESBA’s work in this area not only generates important discussion on the topic, but also is central to restoring public trust more broadly.”

These new standards are aimed at complementing and further strengthening the relevance of the existing IESBA Code addressing Tax Planning and Related Services. The standards become effective July 1, 2025.

The approval of the new standards was preceded by extensive outreach and public consultation which took place during 2021-2023, including three global roundtables involving over 150 senior-level representatives from stakeholders from very different jurisdictions and backgrounds.

#### **14. EQUIPPING ACCOUNTANTS FOR SUSTAINABILITY REPORTING: IFAC PROPOSES ENHANCEMENTS TO INTERNATIONAL EDUCATION STANDARDS**

The International Federation of Accountants (IFAC) has unveiled [proposed changes to the International Education Standards](#) (IESs) that embed sustainability—from analysis to reporting to assurance—across aspiring professional accountants’ training.

IFAC CEO Lee White emphasized the significance of the proposed changes, stating, “Investors and other stakeholders need sustainability reports and disclosures that are on par with the high-quality, decision-useful financial reports that accountants already deliver. To be future-fit, accountants must develop the right competencies to meet this need. The proposals provide a robust framework for the profession to develop capable accountants who produce, report, and assure sustainability information.”

Key proposals include:

- Emphasizing working with experts and in multi-disciplinary teams;
- Introducing key sustainability reporting concepts, such as systems thinking, value chains and scenario analysis;
- Referencing relevant sustainability reporting and assurance standards; and

- Creating a new assurance competence area and learning outcomes.

Additionally, IFAC has proposed changes to [IES 6, \*Initial Professional Development – Assessment of Professional Competence\*](#), to modernize the standard to align with current good practice and clarify previously-existing requirements. This includes introducing new principles emphasizing integrity, authenticity, equity, and inclusion. These changes will aid professional accountancy organizations, universities, and training programs in evaluating candidates' readiness for the professional accountant role.

To help its stakeholders and the accountancy profession understand the proposed changes related to sustainability, IFAC will hold global webinars on May 21. [Visit the IFAC website for additional details and to register.](#)

IFAC encourages all stakeholders to provide feedback on both set of proposed changes by **July 24, 2024**, using the Response Templates available on the IFAC website.

## **15. JOINT STATEMENT FROM THE IAASB AND IESBA CHAIRS ON THE ISSB'S NEW JURISDICTIONAL ADOPTION GUIDE**

On 28 May 2024, new evidence has come of the global momentum toward sustainability disclosure. The International Sustainability Standard Board (ISSB) released a new guide to help jurisdictions adopt its sustainability reporting standards, S1 and S2, and announced that more than 20 jurisdictions have indicated plans to incorporate these standards into their legal or regulatory frameworks. These jurisdictions collectively represent nearly 55% of global GDP and more than 30% of global market capitalization.

Commenting on the release of the guide and the new data, Tom Seidenstein and Gabriela Figueiredo Dias, IAASB and IESBA Chairs, respectively, said, "On behalf of our Boards, we congratulate the ISSB on the release of its new adoption guide, which will help jurisdictions navigate the adoption journey and promote necessary consistency and quality for sustainability disclosure. As the IAASB and IESBA continue to progress our proposed standards on sustainability assurance and an ethics framework for sustainability reporting and assurance, we welcome all initiatives aiming at building the necessary capacity and understanding to achieve a consistent application of sustainability related standards, including assurance and ethics standards. Our collective goal is to strengthen stakeholders' trust and confidence in disclosures."

## **16. IFAC CONGRATULATES IFRS FOUNDATION AND INTERNATIONAL SUSTAINABILITY STANDARDS BOARD (ISSB) ON GROWING GLOBAL COMMITMENT TO ISSB STANDARDS, WELCOMES NEW JURISDICTIONAL GUIDE**

ATHENS, Greece -- The International Federation of Accountants (IFAC) congratulates the IFRS Foundation and the ISSB on their [announcement](#) that more than twenty jurisdictions, representing over half the global economy by GDP, have already decided to use, or are taking steps to introduce, ISSB Standards in their legal or regulatory frameworks.



IFAC also welcomes the IFRS Foundation’s *Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards (the Guide)*, which was developed to help jurisdictions design and plan their journeys to the adoption or other use of ISSB Standards.

IFAC Chief Executive Officer Lee White, speaking from the 49<sup>th</sup> IOSCO Annual Meeting in Athens, said, “IFAC was an early advocate for a harmonized, global system for the disclosure of sustainability-related information, and we continue to actively support and contribute to coordinated efforts to develop and deliver such a system. Today’s announcement by the IFRS Foundation confirms strong global momentum for the ISSB Standards and is particularly powerful given it comes less than a year after IOSCO’s endorsement of ISSB Standards IFRS S1 and IFRS S2. I wish to recognize the leadership of the IFRS Foundation and ISSB on the milestone they’ve achieved.”

IFAC is a collaborating partner with the IFRS Foundation on its *Regulatory Implementation Programme*, a component of the *Guide*, which includes the development of tools, educational materials and other initiatives to advance capacity building in support of ISSB Standards. As part of the global ecosystem working to support consistent and comparable sustainability-related information, IFAC also recently convened leaders from across the Asia-Pacific region and Latin America in two separate events held in Singapore and Bogota, Colombia, respectively.

The objective of these assemblies was to discuss and advance the transformation occurring both within businesses and the accountancy profession related to sustainability disclosure. A program of regional assemblies through to 2026, including one in the Middle East later this year, is currently being finalized.

IFAC’s work over the last several years to benchmark the *State of Play: Sustainability Disclosure and Assurance* provides key data on global developments and a roadmap for the future.

Mr. White said, “The global business community has commenced its sustainability reporting and assurance journey, and the global accountancy profession — which is undertaking critical roles using the ISSB Standards, the IAASB’s forthcoming International Standard on Sustainability Assurance, and the IESBA’s proposed standards for ethical considerations in sustainability reporting and assurance — is central to the transformation of sustainability reporting, and to empowering this change.”

**For further information: <http://www.ifac.org>**

**Financial Reporting Council  
June 2024**