



National Association of State Boards of Accountancy

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July 4, 2023

International Ethics Standards Board for Accountants (IESBA)
529 Fifth Avenue, 6th Floor
New York, NY 10017

Via Website: www.ethicsboard.org

Re: *Proposed IESBA Strategy and Work Plan, 2024 - 2027*

Dear IESBA Members and Staff:

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to comment on the IESBA Consultation Paper on the *Proposed IESBA Strategy and Work Plan, 2024 - 2027* (Consultation Paper). NASBA's mission is to enhance the effectiveness and advance the common interests of Boards of Accountancy (State Boards) that regulate all Certified Public Accountants (CPAs) and their firms in the United States and its territories, which includes all audit, attest and other services provided by CPAs. State Boards are charged by law with protecting the public.

In furtherance of that objective, NASBA offers the following comments on the Consultation Paper.

General Comments Related to the IESBA Vision

While we agree with the majority of the Vision as stated on page 7 of the Consultation Paper, we remain concerned about the concept of not limiting the use of the standards to the accountancy profession as expressed in items 4 and 5. We support initiatives that are in the public interest if they are executed by qualified practitioners and are enforceable. We are concerned whether practitioners outside of the accountancy profession would have the requisite skills and would be subject to the same oversight as the accountancy profession. We commented on this issue in our comment letter dated July 7, 2022 on the IESBA Strategic Survey 2022. We are including the following excerpt of our comments in this letter for further consideration.

“When considering the current and ongoing projects regarding sustainability reporting, a primary concern is understanding the individuals or organizations that can provide the attestation services.

The public accounting and auditing profession in the United States has professional standards, systems of quality management, and independence requirements in place to

position CPAs and CPA firms to provide attestation services. Such professional standards typically result from extensive due process procedures which include broad distribution of the standards and framework for public comment. We believe permitting non-CPAs who are not subject to standards resulting from such public due process procedures to provide attestation services is not in the public interest.

When considering whether to expand the scope of the Code to cover assurance service providers other than PAPPs, the question of enforcement and discipline also comes into play. What authority, if any, would regulators have to exert discipline? In addition, for United States jurisdictions, when you introduce non-CPAs using ISO standards which are not fully aligned with IAASB/IESBA standards, there will likely be inconsistencies related to independence, quality management and regulatory discipline.

For United States jurisdictions, virtually none of the State Boards allow non-CPAs to perform attestation services or issue reports under the United States professional standards governing the public accounting and auditing profession. Further, as noted above, the SEC has not yet stated if non-CPAs will be allowed to provide sustainability reports (noting the large bulk is and can expected to be related to public companies).

If non-PAPPs are permitted to perform attestation services and issue attestation reports, we believe regulations must be developed to build the intellectual infrastructure, including independence requirements, quality management systems and oversight consistent with the professional standards governing the public accounting and auditing profession. Ample time will be needed to appropriately train both PAPPs and non-PAPPs regardless of whether the IESBA Code has an expanded reach.”

Responses on Request for Specific Comments

Strategic Drivers, Themes and Actions

1. Do you agree with the IESBA’s Proposed Strategic Drivers (see pp.9-13)?

NASBA agrees with the IESBA’s Proposed Strategic Drivers.

2. Do you agree with the IESBA’s Proposed Strategic Themes and Proposed Strategic Actions (see pp.13-18)?

NASBA agrees with the IESBA’s Proposed Strategic Themes and Proposed Strategic Actions. NASBA believes that the key component of education should be added as a proposed strategic action.

Proposed Work Plan for 2024 - 2027

3. *Do you support the IESBA considering the topics set out in Table B as potential work streams (see pp.22-24)? If so, please also share your views on any specific issues or questions you believe the IESBA should consider under these topics. If not, please explain your reasons.*

NASBA supports the IESBA considering the topics set out in Table B as potential work streams.

4. *Do you believe the IESBA should accelerate or defer any particular ongoing, potential or pre-committed work stream(s) set out in Tables A, B and C? Please explain your reasons.*

NASBA believes that IESBA should consider the impact stakeholder resource constraints may have on implementation should IESBA decide to accelerate any ongoing, potential or pre-committed work streams set out in Tables A, B and C.

5. *Are there other topics the IESBA should consider as potential new work streams? If so, please indicate whether these topics are more important than the topics identified in Table B (see pp.22-24), and the needs and interests that would be served by undertaking work on such topic(s).*

NASBA believes the proliferation of activities surrounding the development and use of artificial intelligence should be considered as a potential new work stream. NASBA believes activities in this area are as important as the topics identified in Table B.

Additional Information

6. *The IESBA's proposed Strategy and Work Plan emphasizes the importance of close coordination with its sister Board, the IAASB. Do you have views or suggestions as to how coordination between the IESBA and IAASB could be enhanced to better serve the public interest?*

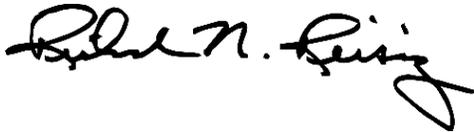
NASBA recognizes the importance of close coordination between IESBA and IAASB. Coordination of projects and communication between the organizations are essential to better serve the public interest. If not already implemented, NASBA suggests that the organizations consider establishing observer roles from the sister Board when a work stream is established. Similarly, the sister Boards may benefit from joint work groups so that each work stream can be considered by both Boards simultaneously.

7. *Do you have comments on any other matters addressed in this Consultation Paper or any significant matters not covered that you believe the IESBA should consider in finalizing the SWP 2024-2027?*

NASBA has no other comments.

We appreciate the opportunity to comment on the Consultation Paper.

Very truly yours,

Handwritten signature of Richard N. Reisig in black ink.

Richard N. Reisig, CPA
NASBA Chair

Handwritten signature of Ken L. Bishop in black ink.

Ken L. Bishop
NASBA President and CEO