

18 July 2018

Mr Ken Siong
Senior Technical Director, International Ethics Standards Board for Accountants
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017
USA

Dear Sir,

**RESPONSE TO THE INTERNATIONAL ETHICS STANDARDS BOARD FOR
ACCOUNTANTS CONSULTATION PAPER (“CP”) – PROPOSED STRATEGY AND WORK
PLAN, 2019 - 2023**

In preparation of this comment letter, the Institute of Singapore Chartered Accountants (“ISCA”) has sought views from its members on the above CP through a one-month public consultation and discussed the CP with members of the ISCA Ethics Committee.

We generally support the IESBA’s proposed strategy and work plan (“SWP”) for 2019 – 2023. The SWP has been greatly advantaged by the clarity and robustness of the restructured International Code of Ethics for Professional Accountants (the “Code”) which was adopted at the end of 2017.

Our comments to the specific questions in the CP are as follows:

Question 1: Do you agree with the proposed criteria for the IESBA to determine its actions and priorities over the strategy period?

We agree with IESBA’s proposed criteria to determine its actions and priorities over the strategy period.

However, we note that IESBA’s proposed criteria centre largely around the notion of ‘public interest’ – benefits to the public interest, enhancement of public trust, supporting public interest outcomes; and implications for the public interest. As such, it is without doubt that the concept of public interest is fundamental to the IESBA’s Work Plan 2019-2023.

The concept of ‘public interest’ may mean different things to different stakeholders. In our view, a framework on ‘public interest’ for the accountancy profession would underpin the criteria upon which IESBA’s actions and priorities are dependent on. Whilst it might not be useful if ‘public interest’ is too strictly defined, we believe that having a framework which provide principles of how public accountability can be best achieved in the entire accountancy ecosystem would greatly enhance its understandability.

Accordingly, we recommend that IESBA prioritise the development of a ‘public interest’ framework for the accountancy profession.

Question 2: Do you support the actions that have been identified with respect to each strategic theme? If not, please explain why.

We generally support the actions that have been identified with respect to each strategic theme.

Question 3: 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.

We generally agree with IESBA's proposed SWP with respect to the possible milestones and deliverables for various projects and initiatives.

However, we note that the new work stream on definition of Public Interest Entity ("PIE") and Listed Entity project is expected to commence in Q2 2021 with the expected completion date of Q1 2023. In line with our recommendation under Question 1 for IESBA to prioritise the development of a 'public interest' framework for the accountancy profession, we recommend that the definition of PIE project be given due priority and escalated to an earlier commencement date.

We believe that the definitions of PIE would have far-reaching implications, given the interplay between ethical requirements and public interest. The auditor of an entity defined as a PIE would be subjected to more stringent requirements of the Code. As shared in the CP, other stakeholders, particularly the small and medium practices ("SMP") community have expressed concern that the independence requirement in the Code are increasingly disproportionate in those circumstances where audit and review services are provided to small entities that fall within the PIE definition.

Initial coin offerings and crowdfunding are new channels whereby companies may raise funds from the public. In view of such new channels of fund raising, consideration may be given as to whether the definition of listed entity needs to be revised to extend beyond the current definition of companies whose shares are listed (quoted) on a stock exchange for public trading.

As such, we would like to recommend for IESBA to consider if the work stream on the definitions of PIE and Listed Entity could be brought forward to the earlier stages of the 2019 – 2023 timeframe.

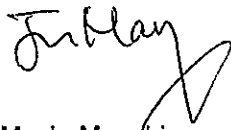
Question 4: Do you have comments on any other matters addressed in this consultation paper or any significant matters not covered in this consultation paper that you believe the IESBA should address?

In our view, the proposed SWP is robust and has sufficiently addressed most of the significant matters. The proposal shows IESBA's consideration of feedback on timeliness and relevance whilst balancing multi-stakeholder consultation process so that ethics standards are developed in the public interest.

IESBA's focus on trends and developments in digital technologies is the right approach. However, there should be more clarity that such trends and developments cover both professional accountants in public practice and professional accountants in business as technology disruption creates ethical dilemmas for both groups.

Should you require any further clarification, please feel free to contact Ms Lim Ju May, Deputy Director, Corporate Reporting & Ethics ("CoRE"), or Ms Alice Tan, Senior Manager, CoRE, from ISCA via email at jumay.lim@isca.org.sg or alice.tan@isca.org.sg respectively.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'J May Lim', with a stylized flourish extending from the end.

Ms Ju May, Lim
Deputy Director
Corporate Reporting & Ethics