



**By E-mail**

**18 August 2014**

Mr Ken Siong  
Technical Director  
International Ethics Standards Board for Accountants  
529 Fifth Avenue, 6<sup>th</sup> Floor  
New York, NY 10017  
United States

Dear Ken

**Comments on Exposure Draft – Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients**

The Dubai Financial Services Authority (DFSA) thanks you for the opportunity to provide commentary on Exposure Draft – Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients. The DFSA is the independent regulator of financial and ancillary services conducted in or from the Dubai International Financial Centre (DIFC), a purpose-built financial free-zone in Dubai.

The DFSA regulates a broad range of Firms based in the DIFC, including banks, insurers, fund managers, advisory firms and brokers, exchanges and clearing houses. In addition, the DFSA's regulatory remit includes credit rating agencies, auditors and other designated non-financial business and professionals. With respect to auditors, the DFSA is responsible for the registration, oversight and suspension / removal of auditors in the DIFC.

The DFSA, in general, supports the amendments, in particular, those relating to "management responsibility". The DFSA recently proposed certain amendments to its rules and regulations affecting auditors which were also based on the concept of management responsibility.

If you require any further elaboration or clarification on the matters raised please contact Mr Naweed Lalani, Senior Manager on +971 4362 1549 or by e-mail on [nlalani@dfsa.ae](mailto:nlalani@dfsa.ae).

We look forward to participating in any further work on this area.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Prasanna Seshachellam', with a horizontal line underneath.

**Prasanna Seshachellam**  
**Director, Supervision**



**Comments on Exposure Draft**  
**Proposed Changes to Certain Provisions of the Code**  
**Addressing Non-Assurance Services for Audit Clients**  
**18 August 2014**

### **Emergency Provisions**

1. Are there any situations that warrant retention of the emergency exceptions pertaining to bookkeeping and taxation services?

The DFSA is of the view that a situation in which an emergency provision should be allowable should be so rare and extraordinary that it should not be addressed by the Code.

### **Management Responsibilities**

2. Does the change from “significant decisions” to “decisions” when referring to management responsibilities (paragraph 290.162) enhance the clarity of a management responsibility?
3. Are the examples of management responsibilities in paragraph 290.163 appropriate?
4. Are there any challenges in understanding and applying the prerequisite set out in paragraph 290.165 for non-assurance services that should be considered?
5. Will the enhanced guidance assist engagement teams to better meet the requirement of not assuming a management responsibility?
6. Does the relocation of the guidance pertaining to administrative services into its own subsection provide greater clarity?

The DFSA, generally, is satisfied with the proposals pertaining to “management responsibilities”. We believe that the enhanced guidance would assist engagement teams to better meet the requirement of not assuming a management responsibility.

The DFSA believes that the change from “significant decisions” to “decisions” when referring to management responsibilities enhances the clarity of a management responsibility.

The DFSA is also of the view that the examples of management responsibilities are appropriate.

In view of the DFSA, the biggest challenge is when these non-assurance services are provided by entities not bound by the Code.

The relocation of the guidance pertaining to administrative services into its own subsection should provide greater clarity.

### **Routine or Mechanical**

7. Does the proposed guidance on “routine or mechanical” clarify the term, or is additional guidance needed?
8. Is the meaning and identification of source documents sufficiently clear, taking into account documents that may be generated by software?

The guidance regarding ‘routine or mechanical’ accounting, bookkeeping and administrative services are clear.

The meaning and identification of source documents is sufficiently clear, taking into account documents that may be generated by software.

### **Section 291**

9. Do the changes proposed to Section 291, specifically the additional requirements to proposed paragraph 291.146, enhance the clarity of a management responsibility?
10. Are the examples of management responsibilities in paragraph 291.144 appropriate?
11. Does the relocation of the guidance pertaining to administrative services provide greater clarity?

The DFSA believes that the proposed changes enhance the clarity of a management responsibility.

The DFSA is also of the view that the examples of management responsibilities are appropriate. Further, the relocation of the guidance pertaining to administrative services into its own subsection should provide greater clarity.