Benchmarking Initiative

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IESBA CAG Meeting (Virtual)
March 10, 2021
Objective of Session

- To receive a brief update on the IESBA Benchmarking initiative
Recap on Scope of the Initiative

• Concerns that the IESBA Code’s conceptual framework approach allows firms too much flexibility and judgment
  ➢ Benchmarking is a strategic exercise to promote awareness of International Independence Standards (IIS)

• Phase 1 will focus on comparing the IIS that are relevant to audits of PIEs to the US SEC/PCAOB independence rules
  ➢ Focus will be on Part 4A, but given the Code's building-blocks architecture will include relevant provisions from Parts 1 and 3
Anticipated Timeline

2021 March
- Mapping demo

2021 June
- Overview of key differences

2021 Sept
- Draft Mapping tables (incorporating NAS and Fees)
- Draft reports

2021 Oct/Nov
Publication of Final Documents
Areas of Focus

• The mapping and analysis will first focus on IIS sections that have not been recently revised, so that WG can:
  ➢ Test the methodology on areas that are already well known
  ➢ Familiarize stakeholders with the approach and format of anticipated deliverables
• Revised provisions of Fees and NAS sections will be subject to analysis after their late April release
WG’s Current Thinking about Reports (1)

- Two types of final reports:
  1. **Summary Report**: Summarizing at a high-level the approach taken and the initiative’s key findings
     - Anticipated to not exceed 10 pages; responsive to stakeholder’s needs
  2. **Detailed Report**: Built around mapping tables that includes detailed comparisons, following the IIS sections, and presented based on key issues of interest to users
     - Will also include an *Introductory Section* explaining the comparison of overarching approaches (General Standard and Conceptual Framework)
     - The detailed report and its analysis will be published as an IESBA Staff document
WG’s Current Thinking about Reports (2)

- Mapping tables will focus on whether the provisions are "equivalent in effect" which means that the respective provisions:
  - Apply to the same type of entity(ies)
  - Apply to the same circumstances/services
  - Achieve the same effect

➢ To determine "equivalence in effect" of specific provisions/rules, the WG will also consider the application of Code’s conceptual framework and SEC’s General Standard
Any comments or questions?