

## Proposed Revisions to Part 4B to Reflect Terms and Concepts Used in ISAE 3000 (Revised)—Report on Respondents’ Comments

### Objectives of Agenda Item

- To inform the IESBA of respondents’ comments on the Exposure Draft of *Proposed Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in ISAE 3000 (Revised)* (ED) and to present the Task Force’s response to the comments; and
- To obtain the IESBA’s views on the Task Force’s response to those comments, including proposed adjustments to the Code.

This Agenda Paper is accompanied by a marked-up version of the ED showing changes recommended by the Task Force in response to the respondents’ drafting comments (**Agenda Item 5B**). Additionally, for Board Members’ convenience, a detailed summary of all comments received is attached together with the Task Force’s proposed response (**Agenda Item 5D**).

The Task Force Chair will be taking the Board through a full read of **Agenda Item 5B** after presenting this paper.

### I. Introduction

1. In March 2019, the IESBA issued its ED of *Proposed Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in ISAE 3000 (Revised)* (*‘the ED’*). Twenty-six responses<sup>1</sup> were received from stakeholders across a range of entities and different jurisdictions (Appendix 1 is a list of the respondents).

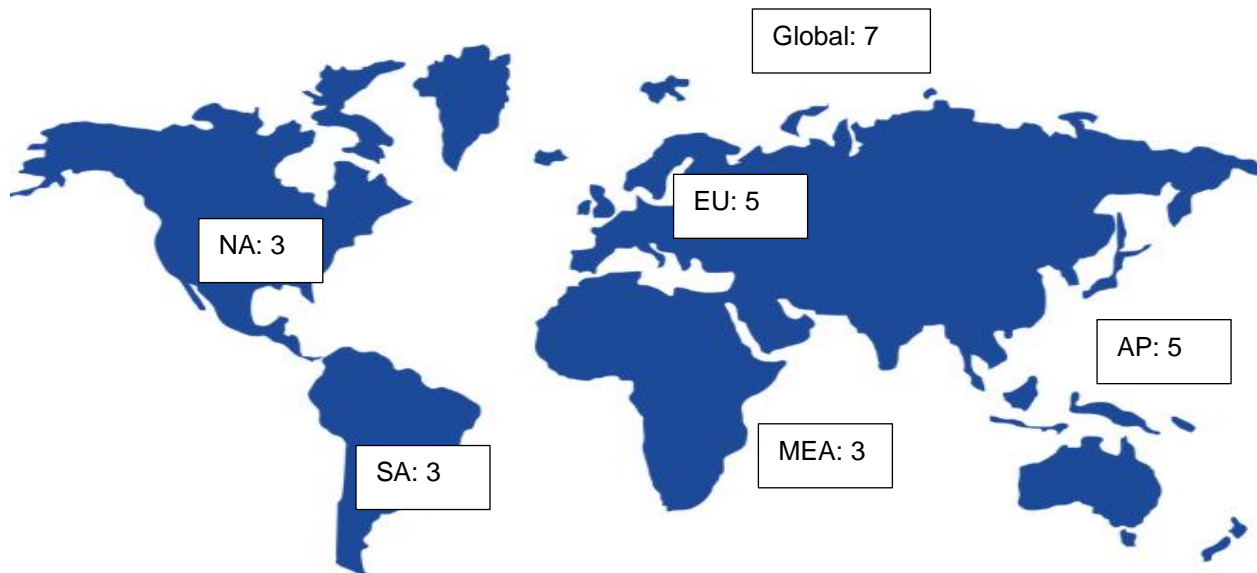
#### *Responses by Type of Entity*

Regulators and oversight authorities	3
National standard setters	3
Accounting firms	6
IFAC Member bodies and other professional organizations	14
<b>Total responses</b>	<b>26</b>

<sup>1</sup> This paper uses the following descriptions for the number of responses:

- A few respondents = 2–3 respondents
- Some respondents = 4–5 respondents
- Many respondents = 6–12 respondents
- Majority of respondents = 13–19 respondents (over 50% of total responses)
- Significant majority of respondents = 20 or more (over 75% of total responses)

### Responses by Geographical Area



AP-Asia Pacific; EU-Europe; MEA-Middle East and Africa; NA-North America; SA-South America

### Presentation of Respondents' Comments

2. The Task Force has used the NVivo software to assist with the analysis of stakeholders' comments.
3. The summaries of the respondents' comments within this Agenda Item are used as a basis for supporting the changes contemplated by the Task Force to respond to the individual issues raised. These summaries do not include all the matters raised by respondents. However, in arriving at its conclusions, all respondents' comments have been considered by the Task Force and the Task Force's detailed responses are presented in **Agenda Item 5D**.

### Indicators of the Overall Level of Support for the ED

4. The ED asked an overarching question (1):

*Do you believe that the changes in the key terminology used in the Exposure Draft, including the definition of 'assurance client', are clear and appropriate for use in Part 4B?*

42% (11) of respondents responded positively to this question with no qualification, 50% (13) responded 'yes' with some qualification, and 8% (2) answered 'No' to this question.

5. Follow up questions (2) and (3) were included in the ED asking stakeholders firstly whether they had any comments on the application of the proposals to the detailed independence requirements and application material as summarized in the Explanatory Memorandum; and secondly, whether stakeholders had any comments on the other proposed changes, including on the consistency of terms and concepts in Part 4B in relation to the text of ISAE 3000 (Revised). There was also a further question regarding any matters that should be addressed with respect to the alignment with ISAE 3000 (Revised) in Part 4B or in other

material, for example in an IESBA Staff publication. Other questions covered proposed effective date, stakeholder perspective, developing nations and translation.

6. For Question 2, there was a positive reaction from 50% of respondents (13) on the application of the IESBA's proposals to the detailed independence requirements and application material as explained above. Significant matters raised are discussed in Section II below.
7. Nine respondents confirmed that they did not have any comments on the other proposed changes. Twelve respondents did have comments and, of those, five suggested alignment of certain terms and concepts with the International Auditing and Assurance Standards Board's (IAASB) literature, which is addressed in Section C below.
8. In general, respondents were supportive of the outcome of the alignment process as set out in the ED. There was general support for the clarifications that were reflected in the ED, including the revised definition of 'assurance client' and the extension of independence requirements to the party responsible for the underlying subject matter in an attestation engagement. There were a significant number of positive comments that the ED was clearer than the extant text.
9. For the most part, respondents restricted themselves to addressing the questions posed in the Explanatory Memorandum. The Task Force notes in particular that there were no concerns expressed about the discussion of direct assurance engagements included in Part II of the ED, and one national standard setter<sup>2</sup> expressed support for the position outlined by the Board in this section. Two respondents<sup>3</sup> requested examples/practical guidance on direct engagements to help professional accountants to understand them and to address the threats inherent in these engagements.
10. A number of respondents had significant comments, however, that tended to fall under one or more of the following topics:
  - A. The term 'assurance client' and its application
  - B. Balance of explanatory material as between ISAE 3000 (Revised) and Part 4B
  - C. Consistency of terms and concepts between the IAASB and IESBA
  - D. Multiple responsible parties
  - E. Application of independence provisions to relationships with or service as employees in a position to exert significant influence over the underlying subject matter of the assurance engagement
11. These topics are discussed in turn below.
12. Additionally, some respondents made a number of detailed drafting suggestions to improve clarity. The Task Force has considered all of these suggestions and is making proposals for the IESBA to consider (see **Agenda Item 5-B**).
13. Several respondents addressed matters that are not within the scope of the Project. The Task Force, however, believes that it is important for the IESBA to be aware of these matters. Accordingly, a note of the more significant matters is included in Section III of this Agenda Item.

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<sup>2</sup> IDW

<sup>3</sup> IBRACON, KPMG

## II. Summary of Key Topic Areas Addressed by Respondents

### A. The Term ‘Assurance Client’ and Its Application

14. The term ‘assurance client’ is defined in the ED as follows:

*‘The responsible party and also, in an attestation engagement, the party taking responsibility for the subject matter information (who might be the same as the responsible party).’*

The majority of the respondents supported the term ‘assurance client’ as defined. However, one oversight authority<sup>4</sup> and one national standard setter<sup>5</sup> disagreed with the term on the basis that the term ‘client’ should be reserved for the intended users of the assurance report. The oversight authority confirmed that they held the same view with respect to the use of the term ‘audit client’ in Part 4A.

15. One national standard setter<sup>6</sup> and one member body<sup>7</sup> responded that the professional accountant should be independent of the measurer or evaluator (as defined by ISAE 3000 (Revised)), whether or not that party is taking responsibility for the measurement or evaluation (or at least when that party has significantly contributed to the outcome/decisions<sup>8</sup>), and that the term ‘measurer/evaluator’ should be defined in the glossary. One regulator<sup>9</sup> stated that the party taking responsibility for the subject matter information is the measurer/evaluator (as defined in ISAE 3000 (Revised)).
16. One national standard setter<sup>10</sup> noted that the term ‘assurance client’ might not encompass all parties which are relevant for independence purposes. This respondent commented that: *‘The ISAE 3000 (Revised) envisages circumstances where other influential parties might be involved in an assurance engagement. The dynamics of such relationships may pose threats to the professional accountant’s independence’*. This respondent provided suggested application material for inclusion in a new paragraph 900.14 A3 as follows:
- ‘When a firm knows or has reason to believe that interests and relationships of parties other than those described in paragraph 900.14 A1 create a threat to the firm’s independence, the firm shall evaluate and address any such threat. For example, where the engaging party is different to the responsible party, the firm’s fees might be paid by the engaging party. Under such circumstances, the considerations under 905.3 A1 to 905.9 A3 may apply to the firm’s relationship with the engaging party rather than the responsible party.’*
17. One accounting firm<sup>11</sup> thought it would be helpful to clarify the meaning of ‘assurance client’ by including a new paragraph 900.14 A3, confirming that independence is not required from the engaging party unless that party is the responsible party or the party taking responsibility for the subject matter information.
18. Some respondents also made editorial suggestions with respect to the drafting of the definition of ‘assurance client’ which are addressed in **Agenda Item 5B**.

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<sup>4</sup> FRC

<sup>5</sup> NZAuASB

<sup>6</sup> IDW

<sup>7</sup> ISCA

<sup>8</sup> ISCA

<sup>9</sup> IRBA

<sup>10</sup> NZAuASB

<sup>11</sup> DTTL

### *Task Force's Response*

19. The IESBA has previously considered the arguments in support of maintaining in Part 4B the use of a term for the parties from whom independence is required which is the equivalent of the term 'audit client' as used in Part 4A. The Task Force notes the general level of support for the term 'assurance client' which provides a convenient basis of comparison with Part 4A and is simple to read in Part 4B. The Task Force continues to believe that use of the term 'assurance client' is appropriate in Part 4B.
20. The Task Force has considered carefully the responses which have questioned whether the ED encompasses all parties which are relevant for independence purposes. This includes the response which questioned whether independence should be required of the engaging party. The Task Force does not consider that independence should be required of the engaging party, where different from the responsible party, and notes that this is again analogous to the position taken for audit in Part 4A.
21. The IESBA has previously discussed the circumstances in which independence should, in an attestation engagement, be required of the party undertaking the role of measurer or evaluator (where different from the responsible party). The IESBA has noted that ISAE 3000 (Revised) does not specify whether the measurer or evaluator actually takes responsibility for the subject matter information, but understands that for the purposes of ISAE 3000 (Revised) the measurer or evaluator is the party who performs the measurement or evaluation. The individual could, for example, be a third party acting as a consultant to the responsible party or other party, but who might not be taking responsibility for the subject matter information. The IESBA has previously agreed that for the purposes of Part 4B, there needs to be certainty as to when independence is required. The IESBA has determined for the purposes of the ED that independence should only be required of the measurer or evaluator if that party is taking responsibility for the subject matter information. The Task Force continues to believe that this position is appropriate and the majority of responses do support this view. The Task Force also considers that this position is clearly explained in the ED and notes that the meaning of the term 'measurer or evaluator' is explained in context in paragraph 900.14 A2. The Task Force does not believe that this term needs additionally to be included in the Glossary.
22. However, the Task Force recognizes that in the case of an assurance engagement, the existence of additional parties other than the responsible party and the party taking responsibility for the subject matter information might well make the process of determining how the Code is to be applied more complicated than, for example, in the case of an audit. In the case of these additional parties, the ED still requires that the conceptual framework be applied in considering interests and relationships with these parties that might bear on objectivity, including those that might create a conflict of interest. The Task Force recommends that, in the light of the responses received, additional application guidance should be included in Part 4B to remind the professional accountant of the need to apply the conceptual framework to these parties. The Task Force, therefore, requests the IESBA's views on its proposal to include an additional paragraph as follows:

*900.14 A3 In addition to the responsible party and, in an attestation engagement, the party taking responsibility for the subject matter information, there might be other parties in relation to the engagement. For example, there might be a separate engaging party or a party who is a measurer or evaluator other than the party taking responsibility for the subject matter information. In these circumstances, applying the conceptual framework requires the professional accountant to identify and evaluate threats to the*

*fundamental principles created by any interests or relationships with such parties, including whether any conflicts of interest might exist as described in Section 310.*

23. The Task Force has previously resisted any proposal to include such application material in Part 4B, noting that paragraph R900.5 of the ED already requires the application of the conceptual framework. Throughout the Code, care has been taken not to include additional paragraphs to reinforce the application of the conceptual framework in order to establish a consistent approach. However, the Task Force does believe that assurance engagements other than audit and review engagements do attract particular complexities which might warrant additional guidance, as the ED respondents' comments indicate. The positioning of the proposed new paragraph 900.14 A3 is included in **Agenda Item 5B** for the consideration of IESBA members.

#### **Matters for IESBA Consideration**

1. Do IESBA members agree with the Task Force's proposed response to the respondents' comments on use of the term 'assurance client' and that independence should be required only of the responsible party and, in an attestation engagement, the party taking responsibility for the subject matter information?
2. What is the view of IESBA members regarding addition of application material in paragraph 900.14 A3, to remind the professional accountant to apply the requirements of the Code to certain other parties in an assurance engagement?

#### **B. Balance of Explanatory Material as Between ISAE 3000 (Revised) and Part 4B**

24. Although respondents supported the approach taken to alignment with ISAE 3000 (Revised), there were a number of comments questioning the clarity of terms used in the ED. In general, however, the concern was about the meaning of terms which are defined in ISAE 3000 (Revised). In particular, concerns remain about the similarity of the terms 'underlying subject matter' and 'subject matter information' and the specific language used (e.g. 'phenomenon' in the term 'underlying subject matter'). There were different views about the balance of explanatory material and glossary terms incorporated in the ED text. One national standard setter<sup>12</sup> expressed the view that there are too many defined terms in the Glossary and that certain explanatory material derived from ISAE 3000 (Revised) can be removed, while two respondents<sup>13</sup> argued that the text might gain from retaining some of the explanatory material included in the extant Code (e.g. some of the material currently included in paragraphs 900.8 to 900.11).
25. Six respondents<sup>14</sup> feel that the user of the Code would benefit from more practical examples of how Part 4B is to be applied, suggesting this might take the form of decision trees or flowcharts or of other forms of staff publication, FAQs etc. Examples include graphical illustrations of the different independence

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<sup>12</sup> APESB

<sup>13</sup> ICAS, GAO

<sup>14</sup> KPMG, DTTL, GAO, BDO, CPA Canada, IBRACON

requirements as between a direct and an attestation engagement, in particular where more than one responsible party or party responsible for the subject matter information is involved.

#### *Task Force's Response*

26. The Task Force notes that the current approach taken in the ED is supported by the IAASB representatives and that respondents have commented favorably on the extent of co-operation which has taken place between the IESBA and the IAASB on this project. The IESBA has also taken the view from the start of the Project that a careful balance must be sought between having too little explanatory material (including defined terms) in the Code for the convenience of the user and overloading the Part with too much material reproduced from ISAE 3000 (Revised) and other relevant IAASB literature. Given the balance of the comments made, the Task Force does not feel that it is appropriate to import more explanatory material from the IAASB literature.
27. The Task Force is grateful for the drafting suggestions made by respondents and has considered these carefully. The Task Force is proposing some editorial changes as suggested by respondents for the IESBA's consideration. These are reflected in the proposed amendments to the ED text included in **Agenda Item 5-B**.
28. The Task Force believes that the suggestions for additional explanatory material regarding the terms and concepts used in ISAE 3000 (Revised) are outside the remit of the IESBA, but will share these comments with IAASB representatives.
29. The Task Force recommends that further consideration be given to the benefits of additional IESBA staff material to illustrate the application of the Code to the various parties involved in an assurance engagement, according to the type of assurance engagement and situation. In addition to graphical and other illustrations of the different independence requirements as between a direct and an attestation engagement, such staff material could also include examples of direct engagements themselves (see paragraph 9 above) and also guidance on situations where multiple parties relevant for independence purposes are involved (see paragraph 34 below). Any such publication would likely need to be prepared in conjunction with IAASB staff.

#### **Matters for IESBA Consideration**

3. Do IESBA members have any comments on the Task Force's response to the respondents' comments on the balance of explanatory material as between ISAE 3000 (Revised) and Part 4B?
4. Do IESBA members consider that further consideration should be given to the development of an IESBA staff publication, prepared in conjunction with IAASB staff where appropriate?

### C. Consistency of terms and approach between the IAASB and IESBA

30. A few respondents<sup>15</sup> noted the inconsistency in some of the Glossary terms between IAASB and IESBA and encouraged the IESBA to engage with IAASB to seek alignment. In particular, the difference in the glossary definition of Financial Statements was highlighted. A concern was raised by two respondents<sup>16</sup> that Part 4B covers the audit of specific elements, accounts or items of a financial statement (conducted under ISA 805), which is defined for this purpose as a type of assurance engagement other than audit or review, whereas for IAASB purposes this type of engagement is an audit. Two respondents in particular<sup>17</sup> argue that for consistency with IAASB and to avoid confusion, such engagements should be included within the scope of Part 4A and not Part 4B. One of these respondents<sup>18</sup> argues that this change would have minimal practical implications because it is rare that a firm other than the auditor would provide an audit report on specific elements, accounts or items of a financial statement.

#### *Task Force's Response*

31. The Task Force does not believe that it has used any glossary term inappropriately and considers that comments about glossary inconsistencies between IAASB and IESBA are outside the scope of the project. The Task Force has reviewed Board minutes prepared in 2007 prior to the finalization of section 291 of the Code in January 2008 to understand the rationale for the Board's original determination that audits of elements, accounts or line items of a financial statement should be within the scope of section 291 of the Code (now Part 4B of the Code). This was based on the balance of opinion in comment letters received on the ED of section 291 and on input from the CAG that it would be disproportionate to require the same independence provisions to apply to these audits as for audits and reviews within the scope of Part 4A.

#### **Matter for IESBA Consideration**

5. Do IESBA members have any comments on the response of the Task Force to the respondents' comments on the consistency of terms as between the IAASB and IESBA?

### D. Multiple Responsible Parties

32. A few respondents<sup>19</sup> considered that more guidance is needed on the topic of multiple responsible parties, with one accounting firm<sup>20</sup> wishing to see a staff publication on the matter. One national standard setter<sup>21</sup> and one accounting firm<sup>22</sup> consider that the provisions of paragraph 900.16 A1 need to be extended to

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<sup>15</sup> FRC, IRBA, IDW

<sup>16</sup> IDW, NZAuASB

<sup>17</sup> IDW, FRC

<sup>18</sup> IDW

<sup>19</sup> DTTL, KPMG, IDW

<sup>20</sup> DTTL

<sup>21</sup> IDW

<sup>22</sup> DTTL



the situation of multiple parties, in an attestation engagement, taking responsibility for the subject matter information, providing examples of situations where this can arise in practice.

#### *Task Force's Response*

33. The Task Force has considered the responses which make the case for extending the provisions of paragraph 900.16 A1 to cover the case where there are multiple parties taking responsibility for the subject matter information. In the light of the examples provided, the Task Force is proposing to accept the recommendation and has amended the provisions of paragraph 900.16 A1 accordingly. The proposed revised text is shown in **Agenda Item 5B**.
34. The Task Force agrees that more guidance might be warranted on this topic and recommends that this be considered for inclusion in an IESBA staff publication (as discussed in paragraph 29 above) rather than included within the Code.

#### **Matters for IESBA Consideration**

6. Do IESBA members agree that the provisions of paragraph 900.16 A1 should be extended, in an attestation engagement, to multiple parties taking responsibility for the subject matter information?
7. Do IESBA members have any other comments on the Task Force's response to the respondents' requests for more guidance on the provisions for multiple responsible parties?

#### **E. Application of Independence Provisions to Relationships with or Service as Employees in a Position to Exert Significant Influence Over the Underlying Subject Matter of the Assurance Engagement**

35. A few respondents<sup>23</sup> questioned why certain provisions in the ED <sup>24</sup> have not been extended to apply to certain relationships with employees in a position to exert significant influence over the underlying subject matter of the assurance engagement, or to past or current employment of such individuals with an assurance client. They note that this might mean, for example, that a member of the audit team could have an immediate family member who is in such a position and this would not be restricted, whereas it would not be permitted for an assurance engagement to be provided where that immediate family member is in a position to exert significant influence over the subject matter information. One of these respondents<sup>25</sup> notes that the provisions for different circumstances or relationships are inconsistently applied and it is not clear why this is the case. The respondent recommends that the IESBA consider

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<sup>23</sup> IDW, DTTL, APESB

<sup>24</sup> R921.5, 921.6 A1(b), R921.7(b), 921.8 A1(b), R922.3(b), 922.4 A1(b), 924.3 A1 and R924.4(b)

<sup>25</sup> APESB

reviewing the requirements and application material of Part 4B to ensure that the intention of the provisions has been applied appropriately.

#### *Task Force's Response*

36. The Task Force notes that the provisions being queried by the respondents in this case have remained unchanged from the extant Code and essentially apply in the same way as the equivalent provisions in Part 4A for audits. However, the Task Force does acknowledge that the ED now requires independence for both direct and attestation engagements of the party responsible for the underlying subject matter. This is different from Part 4A where the focus is on independence of the party responsible for the accounting records and the financial statements, and the conceptual framework is to be applied to identify and evaluate threats to independence arising from certain relationships with or service as employees at a lower level within the audit client.
37. The Task Force has undertaken a review of all the provisions in question and carefully considered in each case whether the provision is appropriate as drafted or whether an adjustment should be made to extend the provision to include employees who were or are in a position to exert significant influence over the underlying subject matter. The Task Force is proposing some changes and in so doing has been guided by the principle that the provision should apply with respect to employees who were or are in a position to exert significant influence over the underlying subject matter in the same way as it does to employees in a position to exert significant influence over the subject matter information. Where the provision acts to prohibit the relationship or the service with respect to employees in a position to exert significant influence over the subject matter information, however, the Task Force has considered the likely significance of the matter, depending in particular on the type of relationship, in concluding as to whether the provision should be extended to address situations relating to employees who were or are in a position to exert significant influence over the underlying subject matter.
38. The changes that the Task Force is proposing are set out in **Agenda Item 5B** and the rationale for the proposal explained. Although the proposed changes might be seen to represent a strengthening of the Code, the Task Force believes that the application of the conceptual framework as specifically required in the provisions would likely have resulted in the same outcome as if there were a prohibition. Further, the Task Force believes that these provisions cover situations that would likely arise only very infrequently in practice.

#### **Matter for IESBA Consideration**

8. Do IESBA members have any comments on the Task Force's response to the respondents' comments on the application of independence provisions that relate to certain relationships with or service as employees who were or are in a position to exert significant influence over the underlying subject matter as shown in R921.5, 921.6 A1(b), R921.7(b), 921.8 A1(b), R922.3(b), 922.4 A1(b), 924.3 A1 and R924.4(b) of **Agenda Item 5B**?

### III. Matters Outside the Scope of the Project

39. A number of other matters were raised by respondents which the Task Force considers to be outside the scope of the project. The Task Force raises them here solely for the IESBA's information.

#### *Reports that Are Restricted as to Use and Distribution*

40. One national standard setter<sup>26</sup> recommends that the IESBA reconsider its position in section 990 regarding assurance reports which are restricted as to use and distribution. It argues that these dispensations should be available when the report is restricted as to use or distribution, aligning with IAASB standards. One accounting firm<sup>27</sup> also believes that 'and' should be changed to 'or'. Presumably these points would also apply with respect to section 800 of the Code.
41. However, one regulator<sup>28</sup> considers that the Code should not allow the professional accountant to modify the independence requirements by issuing a report that includes a restriction on use and distribution, particularly for direct engagements and those involving multiple responsible parties.

#### *Public Interest Assurance Engagements*

42. One oversight authority<sup>29</sup> argues that Part 4B should require the same standards as in Part 4A for public interest assurance engagements. One national standard setter<sup>30</sup> argues that the public interest aspect of certain engagements is of such significance that a more detailed set of rules is required to reduce the likelihood of damaging the public interest. The Non-assurance Services Task Force is currently considering whether any changes should be made to Part 4B to reflect these comments.

#### *Application of Safeguards*

43. One Other Professional Organization<sup>31</sup> has provided comment on a number of provisions of Part 4B where it considers safeguards to address independence are not appropriate or sufficient.<sup>32</sup> Any changes to these provisions would presumably have consequences for Part 4A.
44. One regulator<sup>33</sup> considers that the provisions of paragraph R950.7 to ensure that the practitioner does not undertake a management responsibility are insufficiently rigorous considering that they should in particular require the practitioner to establish that management is able to perform the service.

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<sup>26</sup> IDW

<sup>27</sup> EY

<sup>28</sup> GAO

<sup>29</sup> FRC

<sup>30</sup> NZAuASB

<sup>31</sup> IIA

<sup>32</sup> R900.33, 900.40 A1, 905.4 A2, 907.3 A3, 910.8 A4, 910.8 A6, 922.4 A3

<sup>33</sup> GAO

#### IV. Effective Date and Translation

##### *Background*

45. The ED proposed that the revisions to Part 4B should apply with respect to underlying subject matter covering periods beginning on or after June 15, 2021; otherwise, the revisions will be effective as of June 15, 2021, with early adoption permitted.
46. The ED also posed a question as to whether there are any translation issues recognizing that many respondents may intend to translate the final pronouncement for adoption in their environments.

##### *Stakeholder Responses*

47. A significant majority of respondents<sup>34</sup> agreed with the proposed effective date. The respondents indicated support for adoption of an improved Part 4B standard whilst factoring the importance of a “calm period” after restructuring of the IESBA Code.
48. The respondents did not identify any translation issues and noted that much of the new terminology in the ED has already been widely translated.
49. Some respondents<sup>35</sup> considered that as this project is essentially addressing consistency of terms and concepts, rather than introducing fundamental changes, Part 4B could be made effective sooner than 15 June 2021. If Part 4B is approved by December 2019, they proposed that the Standard be effective for periods beginning on or after 15 June 2020.
50. One respondent<sup>36</sup> supports the proposed effective date. The respondent, however, proposed that the Board consider transitional provisions when a responsible party that was not previously considered to be a client would be scoped in as an assurance client under the revised definition. Where an additional responsible party is subject to the independence requirements, additional time may be required for the professional accountant to consider financial, business and personal relationships, and potentially end any impermissible services that are being provided.
51. Another respondent<sup>37</sup> did not agree with the proposed effective date as they deem one year and six months to be a short term to make the rule effective. They proposed that it should be extended to at least two years or with a variation allowed for SMPs to adopt the standard from December 31, 2023.

##### *Task Force's Response*

52. The Task Force is of the view that the proposed effective date as per the ED is appropriate based on the significant amount of support received. Whilst the amendments are minimal, consideration should be given to stakeholders who will require a period of time to be able to adopt and implement the amendments which may also be subject to translation.

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<sup>34</sup> ACCA, APESB, BDO, CFC, CPAC, CPAM, CPAU, DTTL, EY, GAO, GTIL, IBRACON, IDW, NZAuASB, PWC

<sup>35</sup> AE, FRC, ICAEW, ICAS

<sup>36</sup> KPMG

<sup>37</sup> IAAA

## Appendix 1

### List of Respondents to the Part 4B–ISAE 3000 (Revised) Exposure Draft

(Note: No members of the Monitoring Group responded to the exposure draft and there were no responses from those charged with governance.)

#	Abbrev.	Respondent	Region
<b>Regulators and Oversight Authorities</b>			
1.	FRC	UK Financial Reporting Council	EU
2.	GAO	US Government Accountability Office	NA
3.	IRBA	Independent Regulatory Board for Auditors	MEA
<b>National Standard Setters</b>			
4.	APESB	Accounting Professional & Ethical Standards Board	AP
5.	IDW	Institut der Wirtschaftsprüfer	EU
6.	NZAuASB	New Zealand Auditing and Assurance Standards Board	AP
<b>IFAC Member Bodies and Other Professional Organizations</b>			
7.	ACCA	Association of Chartered Certified Accountants	GLOBAL
8.	AE	Accountancy Europe	EU
9.	CFC	Federal Accounting Council (Brazil)	SA
10.	CPAC	Chartered Professional Accountants Canada	NA
11.	CPAM	The Malaysian Institute of Certified Public Accountants	AP
12.	CPAU	Certified Public Accountants Uganda	MEA
13.	IAAA	Inter-American Accounting Association	SA
14.	IBRACON	Instituto dos Auditores Independentes do Brazil	SA
15.	ICAEW	Institute of Chartered Accountants in England and Wales	EU
16.	ICAP	Institute of Chartered Accountants of Pakistan	MEA
17.	ICAS	Institute of Chartered Accountants of Scotland	EU
18.	IIA	Institute of Internal Auditors	NA

Analysis of Responses to Part 4B Alignment to ISAE 3000 (Revised ED)  
 IESBA CAG Meeting (September 2019)

#	Abbrev.	Respondent	Region
19.	ISCA	Institute of Singapore Chartered Accountants	AP
20.	MIA	Malaysian Institute of Accountants	AP
<b>Accounting Firms</b>			
21.	BDO	BDO International Limited	GLOBAL
22.	DTTL	Deloitte Touche Tohmatsu Limited	GLOBAL
23.	EYG	Ernst & Young Global Limited	GLOBAL
24.	GTIL	Grant Thornton International Limited	GLOBAL
25.	KPMG	KPMG IFRG Limited	GLOBAL
26.	PwC	PricewaterhouseCoopers International Limited	GLOBAL