

Benchmarking Initiative



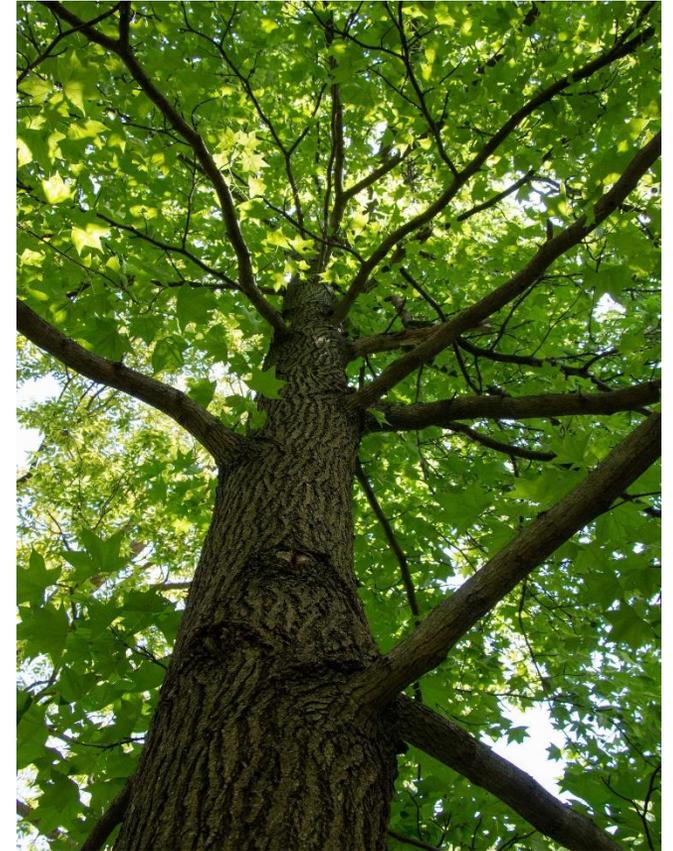
Laura Friedrich, Working Group Chair

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

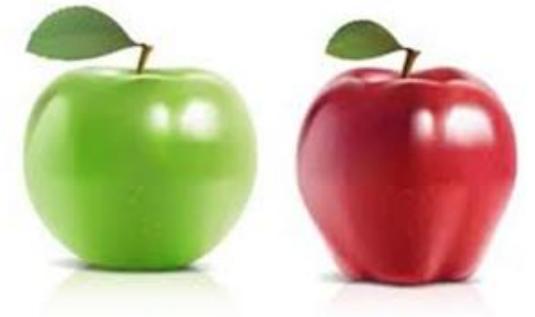


WG's Current Thinking about Reports (1)

- 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](#)

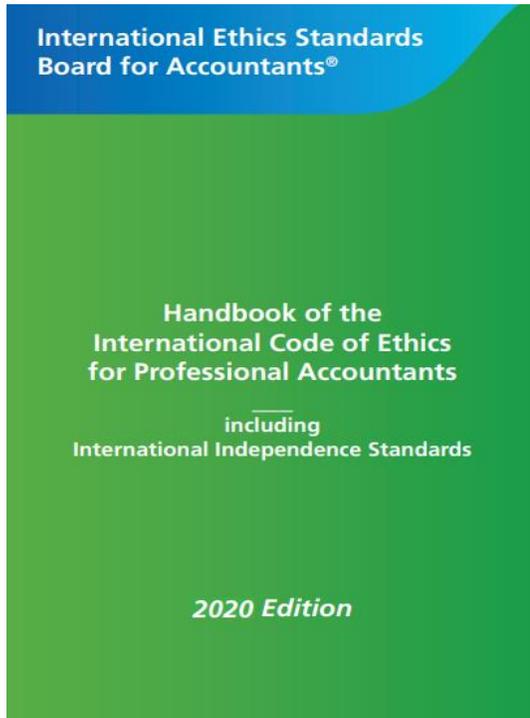
WG's Current Thinking about Reports (2)

- 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?





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