

**Meeting:** IESBA  
**Meeting Location:** Virtual  
**Meeting Date:** September 14-21, 29 & October 1, 2020

## Agenda Item 3

### Non-assurance Services Cover Note

#### Objective

1. To receive a full analysis of the comments raised by respondents on the Exposure Draft (ED), [Proposed Revisions to the Non-Assurance Services Provisions of the Code](#) (NAS ED).
2. To discuss and provide input on the Task Force's:<sup>1</sup>
  - Responses to the significant comments raised by respondents to the NAS ED.
  - Suggested revisions to the proposals in the NAS ED (i.e., "first read").
  - Proposed way forward.

Comments and drafting suggestions are requested in advance of the IESBA meeting. Please email [dianejules@ethicsboard.org](mailto:dianejules@ethicsboard.org) and [kamleung@ethicsboard.org](mailto:kamleung@ethicsboard.org) by **September 10, 2020**.

#### About the NAS Session

3. On September 15, 2020, IESBA members will be asked to consider and react to a presentation from the Task Force Chair that will among other matters:
  - Highlight key issues and matters for IESBA consideration (see **Agenda Item 3-A**).
  - Walkthrough the revisions to the proposed NAS ED text (see **Agenda Item 3-B**).<sup>2</sup>As part of that session, the Task Force Chair will explain the approach the Task Force took in analyzing the responses to the NAS ED-questions and the other comments made by the [66 NAS ED-respondents](#) (see **Agenda Item 3-C and 3-D**).
4. The Task Force will meet on September 17, 2020 to consider the feedback from IESBA members, including drafting suggestions. The IESBA will be asked to consider a "turn-around draft" of extracts of the proposed text on September 29, 2020.

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<sup>1</sup> Task Force Members comprise:

- Richard Fleck, Chair and IESBA Deputy Chair
- David Clark, IESBA Technical Advisor
- Kim Gibson, IESBA Member
- Jens Poll, IESBA Member

<sup>2</sup> An updated mapping table of comparison to help IESBA meeting participants compare the revised NAS proposals to the extant Code will be provided in December 2020.

## Activities since Last IESBA Discussion

### *List of Respondents*

5. After the [July 2020 IESBA meeting](#), the IESBA staff reconsidered and made revisions to the classifications of the stakeholder groups presented in the list of respondents in the Appendix of [Agenda Item 2](#) for that meeting. The revisions are to clarify the distinction between national standard setters (NSS) and professional accountancy organizations (PAOs). The revised list is set out in Appendix 2 to **Agenda Item 3-A**. The revisions clarify that:
  - PAOs are considered member organizations of professional accountants, of firms, or of other PAOs. PAOs include but are not limited to IFAC member bodies.
  - Some PAOs have full, partial, or shared responsibility for setting national ethics standards, including independence requirements, and are therefore also NSS.
  - Some organizations are independent NSS because they have a specific mandate to set national ethics standards, including independence requirements, in their jurisdictions and do not belong to a PAO.

### *Task Force Meetings*

6. The Task Force members met three times virtually in July and August 2020 to develop and agree to the agenda materials for this meeting.

### *Coordination with other Task Forces, including the Fees Task Force*

7. The NAS and Fees Task Forces shared information about the comments received from respondents and coordinated their approach to addressing respondents' comments on overlapping issues. The Task Forces will continue coordinating their work, especially in relation to the scope of related entities; and the provisions relating to communication with those charged with governance about the provision of NAS and NAS related fees to PIE audit clients.
8. As discussed further in **Agenda Item 3-A**, the Task Force identified a number of issues that warrant joint thinking and input from the Technology and Definition of Listed Entity and Public Interest Entity Task Force. The Chair and staff of the respective Task Forces have liaised and as appropriate sought input from the Planning Committee in developing their respective agenda materials. The Task Force will continue to liaise and coordinate other Task Forces as appropriate in finalizing its proposals.

### *Discussion with Representatives of Consultative Advisory Group (CAG)*

9. Appendix 1 provides the project history for the NAS project and the [NAS project webpage](#) includes background information about the project, including access to previous IESBA and CAG agenda materials and related minutes.
10. In advance of the September 2020 IESBA meeting, the Task Force Chair will present the CAG with an overview of the significant comments received on the NAS ED, the related Task Force's responses, and the revisions to the proposals in the NAS ED.
11. The Task Force Chair will brief the IESBA on the significant matters raised by the CAG during the September 2020 IESBA meeting.

## Next Steps

12. The Task Force plans to organize targeted outreach and liaise with the following stakeholder groups in advance of the December 2020 IESBA meeting.
  - Forum of Firms.
  - IESBA NSS Liaison Group.
  - IFAC Small and Medium Practices (SMP) Advisory Group (formerly the IFAC SMP Committee).
  - Representatives of the International Forum of Independent Audit Regulators (IFIAR) and the International Organization of Securities Commissions (IOSCO).
13. The Task Force Chair will brief the IESBA on the significant matters discussed during those meetings in December 2020.
14. Subject to the outcome of the IESBA's discussion in September, the approval of the final text is scheduled for the December 2020 IESBA meeting.

## Actions Requested

15. IESBA members are asked to:
  - (a) Consider and react to the significant comments raised by respondents to the NAS ED and the Task Force's responses/ proposals, as well as the *Matters for IESBA Consideration* in **Agenda Item 3-A**.
  - (b) Provide input on the Task Force's revisions to the proposals in NAS ED which are set out in **Agenda Item 3-B**.

## Materials Presented

### *For Discussion*

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|-----------------|--|
| Agenda Item 3-A | Summary of Significant Comments & Task Force Responses |
| Agenda Item 3-B | Revisions to Proposed Text (Mark-up from NAS ED)       |

### *For Reference*

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|-----------------|--|
| Agenda Item 3-C | Analysis of Overarching Issues & NAS Comments by ED-paragraph Number with Task Force Responses |
| Agenda Item 3-D | Compilation of NAS ED Comments with Task Force Responses                                       |
| Agenda Item 3-E | Revisions to Proposed Text in NAS ED (Clean)   |

## Project History

### Project: NAS

#### Summary

	CAG Meeting	IESBA Meeting
Information gathering/ Discussion	<a href="#">March 2018</a>	<a href="#">March 2018</a>
<a href="#">NAS discussion paper</a> considered at global roundtables in June – July 2018		
Project commencement, including: <ul style="list-style-type: none"> <li>• Consideration of feedback from roundtables</li> <li>• Approval of project proposal</li> </ul>	<a href="#">September 2018</a>	<a href="#">June 2018</a> <a href="#">September 2018</a>
Development of proposed international pronouncement (up to exposure)	<a href="#">March 2019</a> <a href="#">September 2019</a>	<a href="#">December 2018</a> <a href="#">March 2019</a> <a href="#">June 2019</a> <a href="#">September 2019</a> <a href="#">December 2019</a>
ED issued and available on <a href="#">IESBA Website</a> – January 2020 with a June 4, 2020 comment deadline		
Consideration of responses to ED	<a href="#">September 2020</a>	<a href="#">July 2020</a> <a href="#">September 2020</a>