

NON-ASSURANCE SERVICES – MAPPING TABLE COMPARISON EXTANT CODE VERSUS PROPOSED REVISIONS TO PART 4A, SECTION 400

As of November 2019

Note: This Mapping Table has been prepared by the Staff of the International Ethics Standards Board for Accountants® (IESBA) for information only. It is intended to assist readers in their review of the proposed changes to the [IESBA’s Exposure Draft, *Proposed Revisions to the Non-Assurance Services Provisions and Related Conforming Amendments* (the ED)].

When applicable, the explanation in the “Comments” column highlight the reason for the proposed change.

Extant Code (2018 IESBA Handbook)		Proposed Changes to Part 4A (Sections 600 and 400)		Comments
Extracts of Section 400, Applying the Conceptual Framework to Independence for Audit and Review Engagements				
General				
R400.11	A firm performing an audit engagement shall be independent.	R400.11	A firm performing an audit engagement shall be independent.	No change
R400.12	A firm shall apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to independence in relation to an audit engagement.	R400.12	A firm shall apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to independence in relation to an audit engagement.	No change
n/a	n/a	R400.13	A firm or a network firm shall not assume a management responsibility for an audit client.	Repositioned from Section 600, no substantive change
n/a	n/a	400.13 A1	Management responsibilities involve controlling, leading and directing an entity, including making decisions regarding the acquisition, deployment and control of human, financial, technological, physical and intangible resources.	Repositioned from Section 600, no substantive change

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n/a	n/a	<p>400.13 A2 When a firm or a network firm assumes a management responsibility for an audit client, self-review, self-interest and familiarity threats are created. Assuming a management responsibility might also create an advocacy threat because the firm or network firm becomes too closely aligned with the views and interest of management.</p> <p>400.13 A3 Determining whether an activity is a management responsibility depends on the circumstances and requires the exercise of professional judgment. Examples of activities that would be considered a management responsibility, and therefore would not be assumed for audit clients include:</p> <ul style="list-style-type: none"> • Setting policies and strategic direction. • Hiring or dismissing employees. • Directing and taking responsibility for the actions of employees in relation to the employees' work for the entity. • Authorizing transactions. • Controlling or managing bank accounts or investments. • Deciding which recommendations of the firm or network firm or other third parties to implement. 	Repositioned from Section 600, no substantive change
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n/a	n/a	<ul style="list-style-type: none"> • Reporting to those charged with governance on behalf of management. • Taking responsibility for: <ul style="list-style-type: none"> ○ The preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework. ○ Designing, implementing, monitoring or maintaining internal control. 	Repositioned from Section 600, no substantive change
n/a	n/a	400.13 A4 Subject to compliance with paragraph R400.14, providing advice and recommendations to assist the management of an audit client in discharging its responsibilities is not assuming a management responsibility.	Repositioned from Section 600, no substantive change

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n/a	n/a	<p>R400. 14 When performing activities for an audit client, the firm shall be satisfied that client management makes all judgments and decisions that are the proper responsibility of management. This includes ensuring that the client’s management:</p> <ul style="list-style-type: none"> (a) Designates an individual who possesses suitable skill, knowledge and experience to be responsible always for the client’s decisions and to oversee the activities. Such an individual, preferably within senior management, would understand: <ul style="list-style-type: none"> (i) The objectives, nature and results of the activities; and (ii) The respective client and firm or network firm responsibilities. <p>However, the individual is not required to possess the expertise to perform or re-perform the activities.</p> (b) Provides oversight of the activities and evaluates the adequacy of the results of the activity performed for the client’s purpose. (c) Accepts responsibility for the actions, if any, to be taken arising from the results of the activities. 	Repositioned from Section 600, no substantive change
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	[Paragraphs 400.13 to 400.19 are intentionally left blank]	[Paragraphs 400.15 to 400.19 are intentionally left blank]	
Related Entities			
R400.20	As defined, an audit client that is a listed entity includes all of its related entities. For all other entities, references to an audit client in this Part include related entities over which the client has direct or indirect control. When the audit team knows, or has reason to believe, that a relationship or circumstance involving any other related entity of the client is relevant to the evaluation of the firm’s independence from the client, the audit team shall include that related entity when identifying, evaluating and addressing threats to independence	R400.20 As defined, an audit client that is a listed entity includes all of its related entities. For all other entities, references to an audit client in this Part include related entities over which the client has direct or indirect control. When the audit team knows, or has reason to believe, that a relationship or circumstance involving any other related entity of the client is relevant to the evaluation of the firm’s independence from the client, the audit team shall include that related entity when identifying, evaluating and addressing threats to independence.	No change
	[Paragraphs 400.21 to 400.29 are intentionally left blank]	[Paragraphs 400.21 to 400.29 are intentionally left blank]	
Period During which Independence is Required			
R400.30	Independence, as required by this Part, shall be maintained during both: (a) The engagement period; and (b) The period covered by the financial statements.	R400.30 Independence, as required by this Part, shall be maintained during both: (a) The engagement period; and (b) The period covered by the financial statements.	No change

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400.30 A1	The engagement period starts when the audit team begins to perform the audit. The engagement period ends when the audit report is issued. When the engagement is of a recurring nature, it ends at the later of the notification by either party that the professional relationship has ended or the issuance of the final audit report.	400.30 A1 The engagement period starts when the audit team begins to perform the audit. The engagement period ends when the audit report is issued. When the engagement is of a recurring nature, it ends at the later of the notification by either party that the professional relationship has ended or the issuance of the final audit report.	No change
R400.31	<p>If an entity becomes an audit client during or after the period covered by the financial statements on which the firm will express an opinion, the firm shall determine whether any threats to independence are created by:</p> <p>(a) Financial or business relationships with the audit client during or after the period covered by the financial statements but before accepting the audit engagement; or</p> <p>(b) Previous services provided to the audit client by the firm or a network firm.</p>	<p>R400.31</p> <p>If an entity becomes an audit client during or after the period covered by the financial statements on which the firm will express an opinion, the firm shall determine whether any threats to independence are created by:</p> <p>(a) Financial or business relationships with the audit client during or after the period covered by the financial statements but before accepting the audit engagement; or</p> <p>(b) Previous services provided to the audit client by the firm or a network firm.</p>	No change
400.31 A1	Threats to independence are created if a non-assurance service was provided to an audit client during, or after the period covered by the financial statements, but before the audit team begins to perform the audit, and the service would not be permitted during the engagement period.	400.31 A1 Threats to independence are created if a non-assurance service was provided to an audit client during, or after the period covered by the financial statements, but before the audit team begins to perform the audit, and the service would not be permitted during the engagement period.	No change

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400.31 A2	<p>Examples of actions that might be safeguards to address such threats include:</p> <ul style="list-style-type: none"> • Using professionals who are not audit team members to perform the service. • Having an appropriate reviewer review the audit and non-assurance work as appropriate. • Engaging another firm outside of the network to evaluate the results of the non-assurance service or having another firm outside of the network re-perform the non-assurance service to the extent necessary to enable the other firm to take responsibility for the service. 	<p>400.31 A2 Examples of actions that might be safeguards to address such threats include:</p> <ul style="list-style-type: none"> • Using professionals who are not audit team members to perform the service. • Having an appropriate reviewer review the audit and non-assurance work as appropriate. • Engaging another firm outside of the network to evaluate the results of the non-assurance service or having another firm outside of the network re-perform the non-assurance service to the extent necessary to enable the other firm to take responsibility for the service. 	No change
n/a	n/a	<p>R400.32 A firm shall not accept appointment as auditor of a public interest entity to which the firm or the network firm has provided a non-assurance service that would create a self-review threat during the period covered by the financial statements on which the firm will express an opinion unless the provision of</p>	New requirement

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		<p>such service has ceased and:</p> <ul style="list-style-type: none"> (a) Having a professional accountant, who is not a member of the firm expressing the opinion on the financial statements, perform a review that is equivalent to an engagement quality control review; or (b) Engaging another firm to evaluate the results of the non-assurance service or having another firm re-perform the non-assurance service, in either case, to the extent necessary to enable the other firm to take responsibility for the service. 	
	<p>[Paragraphs 400.32 to 400.39 are intentionally left blank]</p>	<p>[Paragraphs 400.33 to 400.39 are intentionally left blank]</p>	