ED Question 11

Do you support the proposed requirement in paragraph R410.25 regarding public disclosure of fee-related information for a PIE audit client? In particular, having regard to the objective of the requirement and taking into account the related application material, do you have views about the operability of the proposal?

The respondents’ responses are divided into four groups:

1. Support with minor amendments
2. Support with reservations
3. Does not support
4. No comment

1. **Support with minor amendments**

**Regulators and Oversight Authorities, Including MG members**

1. **Bangladesh Financial Reporting Council (BFRC)**

Based on Bangladesh jurisdiction situation, where many of the audit assignment fees are low to the point that it becomes difficult for audit firms to spend sufficient time and depute high skilled auditors to complete the job with quality and ethics. Bangladesh and other jurisdictions (such as Malaysia) may have a suggested fees schedule, where the fees calculation is prescribed based on hourly rates of time spend by auditors as well as based on turnover or asset value of the auditee company. Sometimes this suggested fees are way high than the actual agreed fixed fees. One way to overcome this problem could be to let the company and/or the auditors disclose the fact how much is the agreed fees, which is already proposed in the exposure draft (new para R410.25) and how much is the estimated expected fees based on the fees schedule issued by an independent authority. This could be done by inserting a new line in para R410.25, as shown below

The proposed revision is in red font, para (c), mentioned/inserted below.

R410.25 The firm shall be satisfied that the following information is publicly disclosed in a timely and accessible manner:

(c) A comparison of the fees as disclosed under (a) and the estimated expected fees in compliance of guidelines, rules or regulations of the jurisdiction, if any; and

(d) If applicable, the fact that the total fees received by the firm from the audit client represent, or are likely to represent, more than 15% of the total fees received by the firm for two consecutive years, and the year that this situation first arose.

Reason for the change: By disclosing the information, stakeholders would have an opportunity to know, comment, discuss the reliability, quality and ethical compliances of the audit and the management would be under pressure to fix the situation at least for future years.

3. **Capital Market Authority – Saudi Arabia (CMASA)**

I generally support the proposal especially with regard to the transparency of fee-related information for PIE audit clients

5. **Independent Regulatory Board for Auditors (IRBA)**
Yes. We agree with the proposal relating to public disclosure. There was a concern whether this information will be understood for non-PIE clients. This was due to the public understanding of this information and the possible unintended consequences thereof.

Additionally, clarity on the timing of the disclosure needs to be included in the final amendments. This clarification will help elevate the robustness of the requirement.

One stakeholder noted that there already was transparency available to shareholders as this information is disclosed at their company’s annual general meeting, where it is debated, and clarifications are requested. This meeting allows for communication and education, so that information will not be misinterpreted.

There were concerns from practitioners that this transparency may lead to the audit client driving the price down, and anti-competitive behaviour. TCWG may compare the audit fee with clients in the same industry or similar size, and not fully appreciate the detail of setting of an audit fee. Thus, these amendments once finalized will require education among auditors as well as with TCWG to avoid unintended consequences.

### 6. International Forum of Independent Audit Regulators (IFIAR)

We support IESBA’s proposal for specific disclosure of fee-related information both to TCWG and the public to mitigate independence threats in relation to PIEs.

### 9. Malaysian Audit Oversight Board, Securities Commission (MAOB)

Yes, the AOB is supportive of the proposed requirement in paragraph R410.25.

Further, there is no major concern on the operability of the proposal in view that Malaysian public listed companies are required, under the stock exchange listing requirements, to disclose the following fee-related information:

- amount of audit fees paid or payable to the listed issuer's auditors, stating the amount incurred by the listed issuer and the amount incurred on a group basis respectively;
- amount of non-audit fees paid or payable to the listed issuer's auditors, or a firm or corporation affiliated to the auditors’ firm, stating the amount incurred by the listed issuer and the amount incurred on a group basis respectively;
- If the non-audit fees incurred were significant, details on the nature of the services rendered; and
- If no non-audit fees were incurred, a statement to that effect.

### Preparers and Those Charged with Governance

#### 14. Japan Audit & Supervisory Board Members Association (JASBMA)

Among initiatives aimed at improving transparency of fee-related information, particularly with regard to the methods of “disclosure to the general public” of information ((a) Audit fees, (b) Non-audit fees, and (c) Fee dependency) when an audit client is a PIE, the Exposure Draft states that the client in principle discloses the information. However, it can be considered reasonable to divide this disclosure role among different parties, depending on the nature of information.

Specifically, (c) fee dependency information is not necessarily obtained by the client but rather obtained by the auditor, and thus would reasonably be disclosed by the auditor.

#### Professional Accountancy Organizations (PAO’s)

#### 21. Botswana Institute of Chartered Accountants (BICA)

The requirement does not indicate that it relates to PIE audit clients. This should be indicated in the subheading.

We agree with the requirements as proposed in the paragraph. The disclosure provides transparency to other stakeholders apart from those charged with governance.

Proposal made in paragraph R410.25 are comprehensive for transparency to stakeholders at large.

### 22. Chartered Accountants of Ireland (CAI)
We support the proposed requirements as companies, in Ireland and Northern Ireland, are already required to disclose audit fees and related information in their annual report.

Inclusion in the annual report in the notes to the financial statements is a reasonable matter. If the client does not include the relevant disclosure the auditor has the option to include the information in their audit report.

26. European Federation of Accountants and Auditors for SMEs (EFAA)

Yes, we are supportive of the proposed requirement in paragraph R410.25 regarding public disclosure of fees related information for a PIE audit client. We believe this is a powerful mechanism and definitely, a factor to be considered when evaluating the application of safeguards.

28. Hong Kong Institute of Certified Public Accountants (HKICPA)

Yes, we are supportive of the proposed requirement in paragraph R410.25 regarding public disclosure of fees related information for a PIE audit client. We would encourage the IESBA to work closely with the IAASB on developing example wordings if such disclosure is to be made in the audit report.

30. Inter-American Accounting Association (IAA)

Yes, we support, although we doubt its effectiveness. It is a sensitive matter that should be treated with extensive care in order to prevent firms from unproven criticism from the public that is not a direct user of the firm's reports.

We do not have specific procedures that could lead to the operation of the proposal.

31. Institute of Chartered Accountants of Bangladesh (ICAB)

Yes, we support the IESBA's approach to the revisions in proposed paragraph R410.25 regarding public disclosure of fee related information for a PIE audit client. We believe that the proposed revision is reasonable and it will increase the transparency of fee-related information for PIE Audit Clients.

35. The Institute of Chartered Accountants of Scotland (ICAS)

We support the proposals for transparency of fee information to those charged with governance and the public disclosure of fee information. We note some suggestions in the response to Question 12 where we believe the clarity of the provisions could be improved upon.

Similar to paragraph R410.19 above, we believe there needs to be further clarification re the interaction with laws and regulations. It is alluded to in paragraph R410.25 but not to the extent as is explained in paragraph 80 of the Explanatory Memorandum, which might be more helpful to users:

“Para 80. First, the IESBA recognizes that several jurisdictions already have laws and regulations regarding public disclosure of fee-related information. Also, in certain circumstances, laws and regulations might prohibit public disclosure. In those instances, consistent with the overarching provision in paragraph R100.3 of the Code, laws and regulations prevail. As it is not always possible to determine whether laws and regulations differ or go beyond the provisions of the Code regarding the extent of the information to be disclosed, to avoid duplication of obligations in relation to public disclosure, the proposal recognizes compliance with such laws and regulations as compliance with the Code if those national requirements substantively satisfy the requirement in the Code. (See paragraphs R410.25 and 410.25 A2.)”

Suggested wording:

In accordance with the overarching provision in paragraph R100.3, jurisdictional laws and regulations prevail. The requirements in subparagraphs (a) and (b) above may be met by compliance with laws and regulations which substantively satisfy the the corresponding requirements in these subparagraphs.

36. Institute of Certified Public Accountants of Uganda (ICPAU)

ICPAU supports this proposal and believes that disclosure of fee-related information enhances transparency and benefit of users of financial statements in facilitating their judgments and assessments about a firm's independence.

43. National Board of Accountants & Auditors – Tanzania (NBAAT)
We support the proposed requirement in paragraph R410.25.

48. South African Institute of Chartered Accountants (SAICA)

SAICA supports the proposal in principal. The requirement and guidance appear reasonable; however, PIE firms would be best placed to identify any challenges experienced when implementing the provisions. The other challenge is that some PIE audit clients might not want to make public disclosure of fee-related information. We recommend that the IESBA include guidance on how a refusal by the client to disclose information should be dealt with.

Others

63. IFAC Small and Medium Practices Committee (IFAC SMPC)

Yes, we are supportive of the proposed requirement in paragraph R410.25 regarding public disclosure of fees related information for a PIE audit client. We believe this is a powerful mechanism and is definitely a factor to be considered when evaluating the application of safeguards. However, we are also equally concerned with the practicalities of the proposal and the burden it would place on firms to collate this information on a timely basis.

IESBA will also need to consult appropriately with the IAASB regarding the proposed guidance in 410.25.A4, as content of the audit report is within the remit of the IAASB.

2. Support with reservations

Regulators and Oversight Authorities, Including MG members

10. United Kingdom Financial Reporting Council (UKFRC)

No. Greater transparency is required in the auditor's report where the information is not given in the financial statements, about the nature of, and fees for, particular non-audit services. Disclosing just the total amount of fees only provides stakeholders with information that may help them understand the self-interest threat in relation to high levels of fees but no information that may help understand other threats or the nature of the relationship the auditor has with the client. The application material in paragraph 410.25.A5 that the firm "might" also discuss with the client whether disclosure of other information relating to fees might enhance users' understanding of the fees and how they might influence the firm's independence is not strong enough.

IESBA should disclosure of information that would help stakeholders obtain an understanding of fee and service-related threats to the auditor's independence. That should be the default position with an exception only where national law or regulation prohibits disclosure. Failing that, IESBA should at least elevate paragraph 410.25.A5 to a requirement for such a discussion with the client. In our own jurisdiction, companies are required to disclose fees paid to the auditor for 'audit related services', other assurance services, tax compliance service, tax advisory services, internal audit services, services related to corporate finance transactions and other non-audit services.

Public Sector Organizations

11. Office of the Auditor General of New Zealand (AGNZ)

Public transparency of fee-related information about the auditor is very important, as it allows the users of audited information to form their own conclusions about the independence of the auditor. Public transparency is fundamental to the trust relationship that auditors must sustain with those who rely on their work.

We agree with the proposed requirement in paragraph R410.25.

We would advocate more granulated disclosure under R410.25 (b) - fees for services other than audit provided by the firm or a network firm. Under R410.25 (b) a substantial amount of other services may be assurance services that are compulsory. Combining assurance services that are compulsory with other non-assurance services may provide a misleading picture of the total other services provided to the entity. A more helpful disclosure is to include sub-categories of the fees for the different types of other services. Such
disclosure may help to reduce the audit expectation gap, especially when a significant portion of the other services are compulsory. A good example is the requirement to audit regulatory reports required by a regulator.

12. Auditor General of South-Africa (AGSA)

We support the requirement, however we propose that instead of firms having flexibility in terms of disclosure to achieve such transparency (i.e. the disclosure can be made by either the audit client in its financial statements, annual report or proxy statement by the firm in a manner deemed appropriate for the circumstances), a consistent approach be followed. To avoid inconsistency in application of this provision, which may lead to varying degrees of effectiveness, it could be prescribed that the information required by paragraph R410.25 is included in the annual report of the PIE as a separate disclosure.

Professional Accountancy Organizations (PAO’s)

20. Association of the Italian Audit Firms (ASSIREVI)

Assirevi agrees that public disclosure of fee-related information, both for audit and non-audit services, supports stakeholders in “facilitating their judgements and assessments about a firm’s independence”.

However, as per our overarching comment outlined in the introduction to our response, we believe that the principle based approach on which the Code was established should be preserved, since turning this into a rule based approach would i) undermine its guidance and steering function and ii) might lead to potential mismatches between the Code and the set of rules already in force within certain national and supranational legal systems.

In light of the above, in our view, the Code should clarify that if both the Code and local regulation require certain information to be disclosed, then the auditor should be deemed as having satisfied the provision of the Code by complying with local regulation.

Moreover, with regard to information required at paragraph R 410.25, letter a) ii (“actual or estimated fees paid or payable to other firms that have performed audit “other firms”. Fees are indeed influenced by several factors which are unrelated to independence, such as the extension of the procedures performed and the average level of fees within the Country where the “other firm” is based;

The IESBA itself acknowledges that “fee information from component auditor outside the firm’s network might not be readily available” and, accordingly, limits the disclosure only to the audit fees. Nonetheless, information on audit fees does not allow to assess the auditor’s independence if it cannot be compared with information on non-audit services fees;

ISA 600 is based on the principle that the group auditor is the only responsible party for the audit opinion on the consolidated financial statements, even if other firms have performed audit activities on the components, so that paragraph 11. of such International Standard sets forth that “the auditor’s report on the group financial statements shall not refer to a component auditor” (i.e., the “other firm”). Such principle could end up being weakened by mentioning information on the level of fees that the “other firms” have received for the performance of component audit work in the context of the group audit. In fact, a quantitative information on the involvement of the component auditor would be provided, with a risk of misperception by the stakeholders as to the responsibility for the audit opinion on the consolidated financial accounts by the group auditor;

The exception provided in paragraph 410.26 confirms that the group auditor could in fact face difficulties in obtaining and verifying the information regarding the “other firms”, also considering that the group auditor has no right to obtain such information. It is the view of Assirevi, however, that this exception is overly complex, compared with the relevance that data related to the “other firms” could have for the stakeholders.

32. Institute of Chartered Accountants in England and Wales (ICAEW)

The requirements to disclose fees for the audit and for other services has been standard practice in the European Union and in the United Kingdom for many years and we believe is wholly appropriate information to disclose to shareholders and other stakeholders with a legitimate interest in the audit financial statements.

The requirement in R410.25c to disclose a potential fee dependency situation is perhaps more debatable. As discussed under question 7 above, there are arguments that this and the requirement in R410.24, could
actually be counterproductive and result in increased pressure on the audit firm. We understand that the rationale is that in the case of public interest entities, the corporate governance arrangements applicable would be expected to counteract this concern. On balance, therefore, we support this proposal as giving useful information to shareholders and other stakeholders with a legitimate interest in the audit financial statements, to enable them to draw their own conclusions on independence. However, if the information is being disclosed to TCWG after two years (see question 8 above), it would be reasonable for TCWG to consider what actions to take in advance of wider disclosure and therefore it might be appropriate to extend this further disclosure requirement to three years.

Unlike in R410.23 and R410.24, R410.25 does not clarify that it applies only to public interest entity audits. While this can be worked out from headings, it would be helpful, and enhance consistency, to include this reference.

33. Institute of Chartered Accountants Ghana (ICAG)

We fully support the disclosure 2 out of the 3 proposals namely (a) the fee for the audit of the financial statements on which the firm issued an opinion, comprising (i) Fees paid or payable to the firm and network firms, and (ii) Actual or estimated fees paid or payable to other firms that have performed audit procedures on the engagement; (b) the total amount of fees charged during the period covered by the financial statements for the provision of services by the firm or a network firm to the audit client. The two proposals should be straightforward and easy to implement as they are disclosure requirements that can easily be implemented and cross-checked against available information.

We are not very comfortable with disclosing the fact that the total fees received by the firm from the audit client represent, or are likely to represent, more than 15% of the total fees received by the firm for two consecutive years, and the year that this situation first arose. We think that further directives or guidelines should be provided as to the rationale of such disclosure in relation to transparency of fee-related information for PIE Audit Clients.

37. Institute der Wirtschaftsprüfer (Germany) (IDW)

Disclosure of audit fees is already required within the EU and is not an issue from the IDW’s national perspective.

The auditor’s report serves a distinct purpose, which is primarily to inform the readers of the auditor auditor’s opinion (and in specific cases also about key audit matters) in the context of the respective responsibilities of management and the auditor. The auditor’s report is not intended as a “collection point” for all types of peripheral information on a “nice to have” basis, because this would detract from its primary purpose.

Notwithstanding the fact that EU law requires this disclosure, in our view, the proposal to include this globally constitutes a misuse of the auditor’s report for purposes other than for which it is generally intended. The proposal to potentially include disclosure of fee-related information in the auditor’s report also requires the acceptance of such disclosures in the auditor’s report by the IAASB: This is not a matter that the IESBA can decide without reference to the IAASB.

Consequently, we are concerned at the proposed guidance in 410.25 A4, as we do not believe the IESBA has a mandate to make proposals affecting the content of the auditor’s report.

In this context, we also refer to our response to q. 5, as we do not believe that including fees for services to related entities supplied by network firms is appropriate. The group auditor is not affected by any self-interest threat in such tenuous relationships, especially when unaware therof.

38. Mexican Institute of Public Accountants (IMCP)

Yes, we support the general requirement, but without specific guidelines, as it is not within the responsibility of IESBA.

39. Institute of Public Accountants (Australia) (IPA)

The proposals allow too much flexibility, the audit fee should be either disclosed in the financial statements or the auditor’s report.

40. Institute of Singapore Chartered Accountants (ISCA)
We support the proposed requirement in paragraph R410.25 to publicly disclose the following fee-related information for a PIE audit client:

a) Fee for the audit of the financial statements;
b) Fees for services other than audit provided by the firm or a network firm; and
c) Fact of fee dependency, if applicable.

In our view, this proposed requirement provides clarity to the public on the nature and value of the services provided by audit firm. The proposed disclosure requirement promotes transparency and facilitates the public’s assessments about the audit firm’s independence.

In addition to the above, we propose that IESBA consider a requirement to disclose fees for “audit-related services” for a PIE audit client. The concept of “audit-related services” is highlighted in the cover letter, as well as in our comment on question 5.

We generally support the proposed application materials and believe that they would better assist audit firms to determine the relevant matters to be communicated to the public. On the ED’s proposal to disclose actual or estimated fees paid or payable by a PIE audit client to other audit firm that have performed audit procedures on the group audit engagement for the audit of the financial statements, we observe from our survey of directors, that majority of the directors [87% of the respondents] were of the view that such a proposal would enable the public to better assess the audit firm’s independence.

We also agree with IESBA that such information might not be readily available or provided by a component auditor outside the network of the audit firm in a timely manner for disclosure purpose. In this regard, we note that the exception proposed in paragraph R410.26 which requires disclosures of an explanation of the qualitative significance of the fee information that is not available, would assist the audit firm to fulfill the transparency objective.

Paragraph 410.25 A4 proposed that it would be appropriate for audit firm to disclose the fee-related information required by paragraph R410.25 in the audit report as part of the auditors’ other reporting responsibilities in accordance with ISA 700 (Revised) Forming an Opinion and Reporting on Financial Statements. It is important for TCWG and the public to understand the rigor of the proposed ISQM 1 and the applicable auditing standard that firms need to comply with to form an audit opinion on the financial statements. In our view, including fee-related information in the auditors’ report is inappropriate as the public might have a perception that there could be an implicit relationship between the firm’s opinion on the financial statements and the fees earned from the client. Its inclusion in the auditors’ report might also raise doubts or create an impression that the fees paid by an audit client creates a self-interest threat to the firm. Hence, it would be more appropriate for the audit client to make such disclosure.

41. Japanese Institute of Certified Public Accountants (JICPA)

We do not support the proposed requirement in paragraph R410.25 (a) (ii).

We are concerned that the disclosure of fees for audit procedures performed by other firms could lead to a significant operational burden in terms of information gathering. In addition, because we do not believe that audit fees paid by the audit clients to other firms are a factor in creating threats to independence, in our opinion it is appropriate that this be excluded from the scope of disclosure. With regard to the information related to fee dependency in R410.25 (c), because this would be useful information when appointing or dismissing an auditor, we believe it appropriate for this to be disclosed in the proposals at the client’s shareholders meeting on the election of an auditor, or in their annual reports.

42. Korean Institute of Certified Public Accountants (KICPA)

We do not support the requirements proposed in the paragraph R410.25 for the following reasons. First, it would be difficult in practice to obtain information on fees for audit services or those for services other than audit, either of which are performed by the network firms that are based overseas. Considering the difficulties, it would be desirable for the IESBA to consider excluding such fees from public disclosure. Secondly, we believe that practical additional burdens arising from the public disclosure of fees for component auditors outside the firm’s network could far outweigh its benefits, as audit fees paid or payable to firms outside the network have no direct relations with the independence of firms.

Firms
55. Grant Thornton International Limited (GTIL)

GTIL believes competitive pressures in the market, and reputational risks of the professional accountant, help prevent firms from charging artificially, high prices that could lead to financial dependence on a client. However, we also believe it is important that any threats that may arise from proposed fees to an audit client should be analysed and properly addressed through the implementation of appropriate safeguards.

Accordingly, GTIL supports the proposed requirement in paragraph R410.25 regarding public disclosure of fee related information for a PIE audit client, however we only support disclosure of fees paid to the firm or network firm of the professional accountant. We believe it would be a very difficult task to obtain this information from firms outside the professional accountant’s network, as the information is not always readily available.

We understand the Board’s objective of wanting to achieve transparency for stakeholders to better assess the independence of the firm and its network firms issuing the audit opinion. However, we do not see any benefits to stakeholders of assessing fees of firms outside the auditor’s network, as the overall responsibility for the financial statement audit and monitoring compliance with the applicable independence standards, are the responsibility of the auditor issuing the audit opinion.

58. Moore Global Network Limited (MOORE)

The proposals set out assume that the group auditor discloses the total fees for the group audit including the fees of firms outside the network and that these disclosures are not only to TCWG but are publicly disclosed in either the audit report, or in the location specified by the specific jurisdiction requirements. In practice it may be difficult to ensure that the data for a firm outside of a firm’s network is accurate.

Whilst the reason given for the increased disclosure is to provide stakeholders with complete information on the total audit fees this is not an independence issue, and we would question why this is included in the Code of Ethics, given firms outside the network have no relationship with the firm in question, and the responsibility for disclosure of the totality of the audit fees, including those from outside the network, should rest with the entity being audited, if required for wider stakeholder information. We recognise, however, that there is an exception allowed where it is difficult to obtain this information although it again puts the onus on the firm, and not the client, to provide the qualitative significance of the missing fee information which is not available.

3. **Does not support**

**Public Sector Organizations**


We believe jurisdictional regulators should administer the fee disclosure requirements for PIE audit clients.

**Independent National Standard Setters**

15. Accounting Professional & Ethical Standards Board Australia (APESB)

APESB understands the intent of proposed paragraph R410.25 is to ensure that information in relation to fees paid to an auditor is publicly available for transparency or to assess audit quality. However, APESB has concerns about the potentially unintended consequences if this responsibility was a requirement relating to the auditor’s independence under the IESBA Code.

APESB is firmly of the view that the responsibility to disclose information on audit fees needs to be placed on the audited entity, not on the auditor. The audited entity has the knowledge of the fees paid or payable to all of the auditors they use in respect of all services. For example, this information may be challenging to determine for a group auditor for component audits performed by firms outside of their network.

In Australia, companies are currently required under the Australian Accounting Standards2 to disclose the fees paid to auditors in their financial statements. In addition, the Corporations Act 2001 3 also imposes requirements on directors of listed entities to disclose fees paid to the auditor for non-audit services and provide a statement on how the provision of these services did not impact the auditor’s independence.
While the recent Parliamentary Joint Committee (PJC) Inquiry into the regulation of auditing in Australia noted concerns about the different categories of audit services used for these disclosures, it recommended that clear categories be established so that the disclosures in an entity’s financial statements are consistent across the years and comparable with other entities. We note that the PJC Interim Report did not recommend that auditors take responsibility for this disclosure.

This proposed IESBA requirement received very strong criticism from attendees at the APESB Roundtables held in April 2020 as stakeholders were fundamentally opposed to the disclosure of fee information obligation being placed on the auditor or it being included in the audit report. They also raised concerns about how these requirements would interact with local legislative requirements relating to audit fee disclosures. Stakeholders noted that the requirements in local accounting standards mean audit clients will need to disclose this as part of the financial statements. They were also concerned about the consequences if the auditor believes the client’s disclosures are appropriate, but the regulator does not. Should this be a breach of the auditor independence provisions and who should be ultimately responsible for the robustness of the fee disclosures?

Based on APESB’s consideration of the proposed provisions and the feedback received from our stakeholders, we are of the view that this requirement is unwarranted. APESB strongly encourages the IESBA to raise this issue with the International Accounting Standards Board (IASB) to request their consideration of fee disclosures and for it to be incorporated in an entity’s financial statements as a responsibility of the preparer.

16. New-Zealand Auditing & Assurance Standard Board (XRB)

While the NZAuASB supports public disclosure of fee-related information, the NZAuASB has a number of concerns about the proposed requirement in paragraph R410.25.

The NZAuASB is concerned that a requirement to disclose fee related information extends beyond the mandate of the IESBA. Disclosure of financial information is the responsibility of the preparer of financial statements, not the auditor. In New Zealand, FRS 441 requires disclosure of the audit or review fee, and fees for all other services performed during the reporting period. In addition, the entity is required to describe the nature of other services. We urge the IESBA to work with the International Accounting Standards Board to enhance the transparency of fee-related information through enhanced disclosure by the entity.

The requirement is for the firm to be satisfied that the information is publicly disclosed in a timely and accessible manner. There is no consistent location for this information to be disclosed. The guidance indicates, if the information is disclosed by the entity, it could be in the financial statements, annual report or proxy statement. If disclosed by the firm, such information might be disclosed by the firm in a manner deemed appropriate for the circumstances. Not having the information available in a consistent location, for example, the entity’s financial statements, will make it difficult for users to find, and consequently, reduce its usefulness.

Further, if there is a conflict between the requirements of the financial reporting framework and the requirements in R410.25, which will prevail? It is not desirable for the auditor to be required to disclose information that the entity itself is not required to disclose in accordance with the applicable financial reporting framework.

The objective of providing fee-related disclosures is so that the users of the information can make their own determinations about the independence of the auditor. The ability to make good decisions depends on the decision usefulness of the information presented. The NZAuASB considers that more granular disclosures are necessary. Comparing the audit fee to all fees from the client does not give a clear picture as the auditor often provides additional services, that require independence and an audit level of knowledge, for example, the audit of regulatory reports required by the regulator. These “audit related” services need to be considered separately from other services. Additionally, it may also be useful to disclose fees paid to other professional accountants for both assurance and non-assurance services.

Such information would then give a fuller picture of the total spend by the entity for assurance and non-assurance services and where any other close relationships might be.

Professional Accountancy Organizations (PAO’s)
17. Joint Submission by Chartered Accountants Australia and New Zealand and the Association of Chartered Certified Accountants (ACCA-CAANZ)

We support the public disclosure of fee-related information for PIEs as this provides more market information and enhances user understanding. It also recognises that several jurisdictions already have laws and regulations regarding public disclosure of fee-related information.

However, we believe that any disclosures should be driven by accounting standards, and therefore the Code should not mandate such disclosures. An accounting standard requirement would ensure that preparers are required to make the public disclosures of fee-related information in the financial statements, and avoid the auditor having to disclose new information in the auditor’s report if TCWG do not publicly disclose the fee-related information. While the desire to proceed with such a requirement in the absence of accounting standards makes sense, we would encourage the Board to work with the International Accounting Standards Board (the IASB) to achieve accounting standards change in this area.

In the absence of clear and consistent requirements for preparers in relation to disclosure of fee information for PIEs, we have some concerns about the practicalities of the Code imposing obligations on auditors to obtain and disclose fee information.

In addition, the implementation of the proposals in jurisdictions which do not have laws and regulations concerning the public disclosure of fee-related information could be particularly challenging and there may be adverse and unintended consequences from public disclosure. The Board should be alert to these challenges and allow exceptions to the disclosure requirements in certain circumstances.

We cautiously welcome the proposal to publicly disclose fee dependency over 15% for two consecutive years. While the proposal goes beyond the current fee-disclosure requirements of some national standard setters and regulatory bodies, where disclosure of fee dependency in relation to PIEs is limited to TCWG, we believe it would provide useful market information.

However, we are concerned that a “one-off” fee dependency may occur within a two-year period for good reason, yet under the proposal the firm would be required to disclose this publicly. As a result, it may be advisable to consider a longer period in order to take account of such exceptions. In our opinion, the disclosure requirements are not clearly articulated in paragraph R410.25(c) and we are uncertain if the wording “if applicable” adequately addresses situations where public disclosure might be inappropriate.

18. Accountancy Europe (AE)

We agree that enhanced transparency of fee-related information can serve to better inform the views and decisions of stakeholders about the auditor’s independence.

However, we consider this to be a corporate governance issue dealt with in national legislation rather than a matter that should be included in the Code. The stock market rules and national legislation on Company Law usually set out requirements for reporting entities with regards to transparency of the audit fee information. Auditors, in general, have limited capacity and responsibility in ensuring the transparency of fee-related information unless this is required by laws and regulations.

According to the EU Accounting Directive, public interest entities and large limited liability companies as defined by the Directive have to disclose the total fees charged by each statutory auditor or audit firm. This information shall be disclosed separately for four categories of service: annual financial statement audit, other assurance services, tax advisory services and other non-audit services. The requirement does not include the fees charged by other auditors and firms. In this regard, we are concerned that it may lead to an adversarial relationship if the auditor tries to convince the entity to report more than what is required. It is even more problematic if the entity is not convinced and the auditor has to disclose the information in the auditor’s report.

Finally, certain related entities of an audit client may not be subject to the group audit procedures in accordance with ISA 600. The actual or estimated fees paid or payable to network members and other firms that provide services to these entities should not be within the scope of this consideration. These fees do not have any impact on the group auditor’s independence, and it is impractical for the group auditor to obtain such information.
19. American Institute of Certified Public Accountants Professional Ethics Executive Committee (AICPA)

We believe the professional accountant’s disclosure should be limited to reporting to those charged with governance (“TCWG”) and that any disclosure to third parties should be done by TCWG or in coordination with requirements of regulators. We believe that failure to disclose fees in the audit report should not result in an independence impairment and recommend this requirement be removed from the proposal.

If the proposals are adopted as exposed, we recommend specific guidance be provided regarding what information should be disclosed so that all stakeholders can make informed conclusions about auditors’ independence. Without this additional clarification, we believe inconsistencies will arise and the IESBA’s desired outcome for informed conclusions will not be achieved.

If the IESBA moves forward with requiring fees be disclosed in the audit report, we recommend the IESBA coordinate with the IAASB to address the implications on existing audit and review standards.

23. Compagnie Nationale des Commissaires aux Comptes (CNCC)

No, we do not believe that the disclosure of audit fees should be dealt with in the Code of Ethics. It is a matter of regulation, either of the Stock Exchange regulation, or of the accounting regulation or of the auditing regulation, but not for the Code of Ethics.

The principle should always be that the fees are disclosed by the client, not by the auditor.

We disagree with the requirement in R410.25 (a) (ii) that the firm shall be satisfied that the information is publicly disclosed about actual or estimated fees paid or payable to other firms that have performed audit procedures on the engagement”.

Firstly, because we do not see how the auditor could check fees payable to other firms. The auditor can check fees payable to the firm and the network firms, but not to other firms.

Secondly, because we do not see how fees paid to other firms can impact the auditor’s independence.

Similarly, we do not support the requirement in paragraph R410.25 c) to publicly disclose the fact that the total fees received by the firm from the audit client represent more than 15% of the total fees received by the firm. We do not see the relevance of that information to the public. It will cast a doubt on the independence of the auditor without allowing the disclosure of the safeguards which have been put in place to ensure the auditor’s independence and thereby give an incomplete information that may mislead the public.

24. CPA Australia (CPAA)

CPA Australia supports public disclosure of fee related information for a PIE audit client as it increases information available to users and other market participants, which may improve the quality of the decisions made by those using this information.

In Australia, section 300 of the Australian Corporation Act 2001 (Cwlth) (the Act), requires listed companies to disclose fee related information payable to the auditor with respect to non-audit services (NAS) and for a statement to be made by the Directors that they are satisfied that these payments did not compromise auditor independence requirements contained in the Act. Furthermore, Australian Accounting Standard (AASB) 1054, paragraph 10 requires that PIEs and listed entities disclose fees to auditors and reviewers, including network firms, for the audit or review of the financial statements and all other services performed during the reporting period.

CPA Australia believes that disclosures relating to audit and NAS fees are best made in the entity’s financial statements on which the auditor expresses an opinion in accordance with the Auditing Standards. The stem at R410.25 implies that should the audit firm not be satisfied that the information in (a)(i) and (a)(ii) is publicly disclosed, that any necessary disclosure be included in the Auditor’s Report. Any intention or inference that information related to fees be disclosed in the content of the Auditor’s Report is a matter for the IAASB to consider rather than the IESBA.

Paragraph R410.25 acknowledges that the requirements in subparagraphs (a) and (b) may be met by compliance with laws and regulations which substantively satisfy the requirements. CPA Australia suggests that the requirement at option (c) may not take into consideration circumstances which inadvertently result in
unintended and temporary fee dependency straddling two financial years. CPA Australia suggests the IESBA re-consider the two-year time frame specified at option (c) and extend it to three years. A three-year time frame may more appropriately reflect a fee dependency issue which is not caused by transient forces within the firm.

Based on the successful application of AASB 1054, paragraph 10 and section 300 of the Act in the Australian context, CPA Australia recommends that disclosure requirements are a matter for accounting standards, auditing standards and jurisdictional corporations’ law. Fee disclosures are best mandated in legally enforceable requirements rather than principles.

25. Chartered Professional Accountants Canada Public Trust Committee (CPAC)

We support the notion of public disclosure of fee-related information for a PIE audit client. However, through our consultation, we received consistent feedback including concerns about this being proposed as an ethical requirement of firms and regarding its operability.

Those who were concerned about this proposed ethical requirement of firms for the public disclosure of fee-related information for PIE audit clients advised that the requirement should be made more appropriately of the PIE by its relevant regulator.

This was noted as better aligning the requirement to a regulator who can ensure PIE compliance and additionally, for those jurisdictions where clients have a right to professional secrecy, the requirement for public disclosure would be appropriately aligned with the PIE.

In terms of operability, concerns raised included professional secrecy where applicable, an ethical requirement of firms for fee related disclosure would need to be approved by the audit client and the possible locations suggested in 410.25A3(a) are documents that belong to the audit client. It was also noted that the proposed material does not address the actions that the firm would take when a client disagrees with the transparency and the related confidentiality issues that may arise.

Additionally, in reviewing R410.26, we were not clear what “an explanation, to the extent possible, of the qualitative significance of the fee information which is not available” means and how this should be evaluated by a firm. Clarification within the requirement and/or the provision of guidance material would be beneficial.

29. Instituto dos Auditores Independentes do Brasil (Ibracon)

We recognize that transparency of all auditor relationships with and fees charged to the audit client is in fact a significant action for the public interest. However, we understand that the responsibility for disclosing fees should not be the responsibility of the audit firm, given the audit client's management is in a better position to disclose such information. It is important to mention how difficult would be to disclose the fees related to audit firms from a different network firm, considering this is a corporate information to which the audit firm has no access. Besides the kind of information that it is considered relevant to be disclosed, the Exposure Draft should specify on what basis this information would be disclosed. In addition, it is not clear which methodology the auditor should follow to disclose this information. This could lead the users for a misunderstanding of the information and the auditor role as independent professional. The Board would also consider fees for the auditor components and statutory audits performed for other affiliates where they are not related to the Group audit. Some clarification should be inserted in the Code whether the Board decides to continue with this proposition.

44. Malaysian Institute of Accountants (MIA)

We do not support the requirement for the audit firm to be responsible for the disclosure if it is not made by the audit client because such disclosures remains the responsibility of the client based on the requirements in the respective jurisdictions.

Furthermore, we believe that it is inappropriate to include fee disclosures in the auditor’s report that is a channel for the auditor to provide an opinion on the financial statements rather than a tool to communicate audit fees, which could yield confusion on users of the auditor’s report.
We believe that non-disclosure of audit fee information by the audit firm does not constitute a breach of the fundamental principles of independence, and it would be erroneous to link fee disclosures to the independence of an auditor.

45. Malaysian Institute of Certified Public Accountants (MICPA)

Generally, fee information is disclosed by a PIE in its annual audited financial statements. Whilst the wordings in paragraph R410.25 seemingly puts the onus on an audit firm to ensure the required fee information are publicly disclosed, we do not believe that it is the intention of IESBA to require firms to create a “webpage” to publicly disclose fee information of their PIE audit clients.

Accordingly, we believe any requirements relating to public disclosure of audit and other fees by a PIE should be best decided by the relevant regulatory authority in that jurisdiction and should not be included in a Code of Ethics.

49. Wirtschaftsprüferkammer (Germany) (WPK)

WPK understands the objective of the proposed requirement in paragraph R410.25 to increase transparency of fee-related information. We also believe that enhanced transparency of fee-related information can serve to better inform stakeholders about the auditor’s independence.

However, we think this is a corporate governance issue and should be dealt with by national legislation on company law. We do not think that the proposed disclosure falls within IESBA’s remit. The obligation and responsibility of disclosure of fee-related information should be placed on the audited entity and not the auditor.

According to the EU Accounting Directive (2013/34/EU), public interest entities as well as large companies (“large undertakings”) are required to disclose the total fees charged by the statutory auditor for a financial year separated into four categories: annual financial statement audit, other assurance services, tax advisory services and other non-audit services (Art 18 para. 1 b)).

Finally, actual or estimated fees paid or payable to other firms conducting component audits should not be within the scope of this consideration. These fees do not have any impact on auditor’s independence.

Firms

50. Baker Tilly International (BKTI)

Whilst we consider that it is important for fees to be disclosed in the financial statements/annual report for PIEs, as required in many jurisdictions, we do not consider the disclosure of fees to be the responsibility of the auditor relevant to compliance with the Code. It is difficult to require such information to be published outside of the provisions of either accounting standards, auditing standards or jurisdictional laws and regulations and, as such, we do not believe it is appropriate to have requirements relating to audit fee disclosures in the Code.

More specifically, we do not believe that it is appropriate to include fee disclosures in the audit report which is a vehicle for the auditor to provide their opinion on the financial statements and the disclosure contained therein. The audit report is not a vehicle for the auditor to make disclosures of audit fees or other matters that are not already included in the financial statements.

51. BDO International Limited (BDO)

We acknowledge stakeholders’ views of the benefits of enhanced transparency about fee-related information of PIE audit clients to the public and indeed we recognise that high levels of transparency do exist in many jurisdictions. However, we do not believe this mandate falls within the scope of the accounting profession’s independence and ethical standards or remit of the Board. We believe that the appropriate mechanism for this disclosure is through the PIE entity’s corporate reporting requirements. Accordingly, we do not believe that this should be disclosed as part of the audit report (410.25 A4).

Additionally, with regards to R410.25(c), we do not support the proposal to disclose situations where the total fees received by the firm from the audit client represent, or are likely to represent, more than 15% of the total fees received by the firm for two consecutive years. There are often many factors that go into the assessment of the auditor’s independence, including the application of effective safeguards. It is unclear to
us why the fee dependency threat should be singled out to be highlighted for public disclosure and not any other threat to independence. Such a disclosure is likely to, unjustifiably, undermine the confidence in the individual audit. If the Board, however, determines that such disclosure should be required by the Code, we recommend that safeguards implemented by the firm to address potential fee dependency also be included in the disclosure.

53. Deloitte Touch Tohmatsu Limited (DTTL)

Public disclosure of fee-related information

We agree that transparency, which can be obtained through the public disclosure of fee and other information, can be an important means of informing the investor community and improving trust, particularly where information provided by companies to their investors might help them to assess the independence of the audit firm.

However, we strongly oppose the Board’s proposal to transfer the onus and burden of corporate governance disclosures to the audit firm. As the Board recognizes, it is outside its remit to establish corporate disclosure requirements and therefore we believe it is inappropriate, and contrary to the public interest, to require audit firms to assume these responsibilities instead. Where they already exist, auditor remuneration disclosure obligations are placed on reporting entities by the laws and regulations of those jurisdictions, not on auditors through standard-setting processes.

We also consider that it is not in the public interest to require the audit firm to publicly disclose information that it may not have consent to disclose. As currently proposed, failure to make the disclosure (or state the information is not available) would be an independence breach under the Code, but it is not clear why such a failure would impact an audit firm’s objectivity. The proposals also risk putting the auditor and audit client in an adversarial position, which might create additional threats to independence.

We are strongly opposed to the requirement to disclose the audit fees of component auditors that are non-network firms. The fees charged by non-network firms cannot be seen to bear in any way on the audit firm’s independence and it is corporate information to which the audit firm has no specific right. If a company chooses to disclose this information, they have the ability to do so voluntarily. See also our comments in response to Question 13 in connection with anti-trust and competition laws.

We also note that many jurisdictions have pre-determined frameworks, formats or requirements for companies to make disclosures in their annual reports regarding fee-related information. The Board has attempted to compensate for this by proposing the last sentence in R410.25; however, it is unclear on what basis each firm will individually and consistently determine that compliance with laws and regulations “substantively satisfy” the corresponding requirements. For example, 410.25 A2 provides an example of when compliance would not substantively satisfy R410.25, however is not helpful in assessing compliance, for example, if the audit client discloses all the information outlined in R410.25 (a) and but not the non-network fees in (b) because they are not required under local regulation to do so. We recommend the Board consider an example or guidance of how to determine local requirements meet the “substantively satisfy” test.

If the Board were to proceed with these proposals, we also do not support:

- The proposal that the audit firm make disclosures in the audit report when the audit client does not make those disclosures: We do not consider it would be in the public interest for the audit firm to potentially imply the audit client as being non-compliant with requirements to which is not actually subject. Additionally, the proposal to make such disclosures in the audit report in our view is inconsistent with the objective of ISA 700, Forming an Opinion and Reporting on Financial Statements, which is to form an opinion on the financial statements based on the conclusions drawn from the evidence obtained and to express it clearly through a written report.

- The requirement in R410.26: This proposal seems impossible to apply, as a firm will be unable to explain the qualitative significance of fee information which it does not in fact have. It would seem a more logical disclosure to simply state that information is not available and therefore not disclosed. Though again, we are concerned this could imply a limitation has been placed on the auditor which, in fact, has had no impact on the quality of the audit.
We also do not consider that the Board has provided consistency and clarity regarding how fees are to be calculated for the purposes of public disclosure in R410.25 (nor across this whole section). Various terms are used in reference to fees, such “fees charged”, “fees received”, “level of the fee”, “fees paid or payable” and fees “paid or estimated to be paid”, which the guidance suggests is the same as “fees payable or payable” (which actually implies fees already billed). The proposal also refers to “fees paid or charged” during the period covered by the financial statements, when we suggest it is more relevant for the fee disclosures to be related to the services provided during the financial statement period, regardless of when they were billed.

For these reasons we suggest, for clarity and consistency, that the requirements and application guidance across the section on Transparency of Information regarding Fees for Audit Clients that are Public Interest Entities follow these principles:

- Fees for Audit Services should be the fees billed or expected to be billed for the audit of the financial statements.
- Fees for Services Other Than Audit should be the fees billed for the services provided during the period covered by the financial statements, regardless of whether they were billed after the end of the financial statement period (could also be referred as being paid or payable).

54. Ernst & Young Global Limited (EY)

We support transparency and communication with TCWG and the public as an element of safeguarding independence. However, we believe that public disclosure of fee-related information should be the responsibility of the audit client, and therefore should be addressed by the relevant accounting and reporting standards, regulator, or security exchange. We are opposed to the application material in proposed paragraph 410.25 A4 suggesting that disclosing fee-related information would be appropriate in the auditor’s report. It is fundamentally incorrect to make the correlation in the auditor’s report between fees and independence. The level of the audit fee, taken on its own, is not a measure of audit quality or independence. There is a required affirmative statement in the auditor’s report that the auditor is independent. Including a fee disclosure in the same report with a purpose of allowing for the assessment of the level independence is inappropriate and could have unintended consequences. One could interpret it that the audit itself is not of a high quality if the fees appear to be inadequate to the user.

The IESBA notes in paragraph 74 of the Explanatory Memorandum that it is intended that the communication of fees would also include fees paid to non-network firms. We do not believe that fees paid for audit services or NAS to non-network firms who participate in the audit are relevant to the considerations made by TCWG of the audit firms independence since such fees have no bearing on the independence of the firm expressing an opinion on the audit client’s financial statements. This is because the audit firm issuing the audit opinion is not a party to the discussions, contractual terms and payment information between the audit client and another service provider. Further, the audit firm would need the client’s permission to use confidential information related to the contractual terms with another service provider. In addition, the inclusion of fees from non-network firms is inconsistent with fee disclosures required by other frameworks that currently provide for fee disclosure.

It should be made clear that fees for all audit services, including those for statutory audits of entities over which the client has direct or indirect control, should be included in total audit fees and not just fees for the audit of the group financial statements on which the firm will issue an opinion.

We further believe the IESBA needs to consider the implications the fee-related information disclosure requirements in the context of private equity complexes. We suggest that the application materials make it clear that private equity funds should not have to include fees from each of the individual portfolio companies over which the fund has direct or indirect control. To require inclusion of such fee information will present significant challenges since the audit firm and, in many cases, the audit client will have no ability or right to obtain this information. Therefore, fees paid or payable to the firm and network firms by portfolio companies of private equity funds should not be included in fee disclosures.

Finally, including this requirement in Section 400 would have as a consequence that if a firm cannot comply with the requirement, for example because it is unable to gather the information from network or non-network firms, it would not be considered independent. If the IESBA decides to retain the requirement as
56. KPMG IFRG Limited (KPMG)

We do not agree with assigning the auditor the responsibility of publicly reporting fees. We believe transparency of fee-related information to stakeholders of audit clients is best accomplished by audit client management. Audit client management are best placed to disclose all audit fees paid and to provide proper context for fees paid, so that the information can be interpreted appropriately, especially in instances where the audit client is not required to publicly disclose its financial statements.

Inclusion of fees paid in the auditors’ report may result in a misconception that the quality of the audit, or even the audit opinion itself, is influenced by the fees. We have concerns that requiring the auditors to be satisfied that specific fee-related information is publicly disclosed, or to disclose such fee-related information should the client fail to do so, creates a mechanism for the IESBA to indirectly place requirements on audit client management and TCWG, which is outside of the IESBA’s remit. Accordingly, we believe the requirement for public disclosure should be placed on the audit client and promulgated by the appropriate regulators or financial reporting standard setters.

We further note in a situation where the audit client prefers that fee-related information not be publicly disclosed, the obligation placed on the auditor to disclose such information could create an adversarial relationship between the audit client and the auditor, potentially resulting in an intimidation threat.

If the requirement for disclosure by the audit firm is retained, we do not support the requirement for firms to disclose audit fees paid to non-network firms as we do not believe it would be appropriate when such fees have no bearing on the principal auditor's independence. We also question how the audit firm expressing the opinion on the financial statements would validate such information from non-network firms before public disclosure, as the audit firm would have no direct involvement in, or knowledge of such fees.

57. Mazars Group (MAZARS)

We are not persuaded that disclosure of fee related information should be covered in the IESBA Code of Ethics. Rather, it is the responsibility of specific country laws and regulations or Stock Exchange disclosure regulations or International Financial Reporting Standards.

We are not clear what is intended by R410.25 (a) (ii) that the firm shall be satisfied that the information is publicly disclosed about “actual or estimated fees paid or payable to other firms that have performed audit procedures on the engagement”. If it relates to fees paid to other firms who are not the group auditors or joint auditors for component audits, it may be difficult to gather the relevant information and it is not clear what benefits are served by disclosing this information. We recommend that this requirement is clarified. As far as sub paragraph (c) is concerned we are not in favour of the proposed disclosure described in this sub paragraph. Compiling the information would be difficult and it could quickly become out of date, for example if the firm won a significant new client in the period between planning and completing the audit. Additionally, we are not wholly persuaded that the information would be of interest to the public.

Paragraph 410.25 A3 suggests that if the information is not disclosed by the audit client, then it should be disclosed by the firm. We do not see how this is practicable if the information is not required to be disclosed in the financial statements/annual report by statute or IFRS disclosure requirements.

60. PricewaterhouseCoopers International Limited (PWC)

We believe that any requirements related to the public disclosure of audit and other fees by a company, in its financial statements or otherwise, should be established by the appropriate regulatory authorities in a jurisdiction, reflecting local stakeholder views. We do not believe this is a matter that should be addressed in a Code of Ethics, designed to influence the professional and ethical behaviour of professional accountants, not least since the auditor does not have the power to require the company to disclose this information. The Code might encourage the firm to discuss with TCWG the benefit from a public interest perspective of the company making such disclosures if not otherwise required by law or regulation.

If an audit firm has complied with all the relevant provisions of the Code, then the safeguards implemented should address identified threats to independence. Disclosure of fees paid is not, in our view, a further
safeguard that practically addresses any identified threat. However, we do acknowledge that the levels of fees payable to an auditor can affect stakeholders’ perceptions of independence. While such disclosure may provide some communicative value to help stakeholders consider independence, it does so without the benefit of all the facts and associated two-way communication about threats and safeguards that gets communicated with TCWG.

Likewise, we agree that the proportion of audit fees to non-audit fees might be of interest to stakeholders. Again, if the relevant provisions in the Code are followed and TCWG play their role in evaluating the provision of NAS and concurring with the provision of such services, combined with their oversight role in relation to independence, then the public disclosure of the ratio should not create a situation where the stakeholder or user of the financial statements is to “second guess” the professional judgements of the firm and those TCWG. However, this metric may be of more communicative value in demonstrating a firm’s potential overall self-interest in the level of non-audit fees.

With respect to group audits, we would normally expect the group engagement team to know the fees being charged for the entire group audit and what was being allocated to all component auditors for purposes of the work they are doing in auditing components. In the event that it is not possible to obtain all the factual information, we do not believe it is appropriate for the group auditor to have to estimate, and then disclose, such fees.

61. RSM International Limited (RSM)

No, we do not believe that it should be the audit firm’s responsibility to publish fee-related information. The appropriate place for public disclosures on fees paid by an audit client is the audit client’s financial statements, requirements for which are under the regulation of IAASB. In doing so, the results reported would be subject to audit. Indeed, if the audit firm is responsible for the public disclosure of fees paid by the audit client, this might create a self-review threat, which would be impermissible.

We also question whether it would be practicable for the auditor to determine fees paid by the audit client to other accounting firms involved in the audit.

Others

62. US Center for Audit Quality (CAQ)

We support a fee disclosure model similar to what is required in the US. In the US, market regulators require public companies to disclose fees paid to the principal auditor. Such disclosures are included in the company’s proxy statement to assist stakeholders in understanding the nature of fees paid and the audit committee’s oversight role. When fees are required to be disclosed, it is important to provide appropriate context. Disclosing the information in the auditor’s report would not allow for this important context from companies and Those Charged with Governance (TCWG).

In addition, the Proposed Revisions could result in inconsistency as to where fees are disclosed, which could be confusing for users. Disclosure of fees in the auditor’s report poses the risk that users of this information would make inappropriate inferences among audit fees, auditor independence, and audit quality.

Further, the proposed requirement to disclose fees of firms outside the principal auditor’s network may be problematic to implement. This requirement is inconsistent with current SEC rules.

4. No comment

Regulators and Oversight Authorities, Including MG members

2. Committee of European Auditing Oversight Bodies (CEAOB)
4. Irish Auditing & Accounting Supervisory Authority (IAASA)
7. International Organization of Securities Commissions (IOSCO)
8. National Association of State Boards of Accountancy (NASBA)
Auditors of issuers subject to U.S. Securities and Exchange Commission (SEC) rules are subject to such requirements today. NASBA would like to have a better understanding of the extent the proposed rules would be applied to entities currently not subject to these rules before commenting further.

**Professional Accountancy Organizations (PAO’s)**

27. Institute for Accountancy Profession in Sweden (FAR)

34. The Institute of Chartered Accountants of India (ICAI)

There is already a mechanism in India for such public disclosure of Audit Fees and NAS Fees, although it is a requirement incumbent on the Audit client, and not on the professional accountant

46. New York State Society of CPAs (NYSSCPA)

47. Royal Netherlands Institute of Chartered Accountants (NBA)

**Firms**

52. Crowe Global (CROWE)

**Others**

64. Porus Pavri (PP)