

ED Question 7

Do you support the proposed actions in paragraph R410.14 to reduce the threats created by fee dependency to an acceptable level once total fees exceed the threshold?

The respondents' responses are divided into four groups:

1. Support with minor amendment
2. Support with reservations
3. Does not support
4. No comments

1. Support with minor amendments

Regulators and Oversight Authorities, Including MG members

8. National Association of State Boards of Accountancy (NASBA)

NASBA agrees that the proposed actions in paragraph R410.14 likely would reduce threats created by fee dependency to an acceptable level.

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

Yes.

Public Sector Organizations

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

The proposed actions in paragraph R410.14 appear to be reasonable.

12. Auditor General of South-Africa (AGSA)

The proposal is supported as an appropriate safeguard to reduce the threats to an acceptable level for engagements with non-PIEs

13. United States Government Accountability Office (GAO)

We support the proposed safeguards in paragraph R410.14. We agree that having a professional accountant who is not a member of the firm review the audit work could reduce the threats created by fee dependency. However, we suggest that the IESBA provide additional examples of safeguards that could reduce the threats.

Independent National Standard Setters

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

Subject to APESB's specific comments on the level of the fee dependency threshold and timeframe in question 6 above, APESB is supportive of a firm needing to undertake action to address threats related to fee dependency. However, APESB is concerned with the drafting of proposed paragraph R410.14, in particular, the phrase '...might be a safeguard to reduce the threats to an acceptable level, and if so, apply it.'

The proposed drafting does not address what should happen if this safeguard is not able to reduce the threats to an acceptable level. Is the auditor able to just continue providing the services with no other action needed? This phrasing is also used in proposed paragraph R410.15, which contains actions to be taken if fee dependency continues past 5 years.

APESB is of the view that the current drafting of the proposed paragraphs R410.14 and R410.15 appear to leave a gap in which firms may decide that neither a pre-issuance review nor a post-issuance review is an appropriate safeguard and, therefore, take no further action in relation to the issue of fee dependency. The proposals do not address how to proceed when no safeguards can be applied to address the threats to the fundamental principles.

APESB has considered whether the re-evaluation of threats as required in the proposed paragraph R410.4 would address this issue. APESB believes it would be a reason to re-evaluate threats caused by fees. However, the proposals do not clearly state what a firm or auditor should do in the case where threats are not at an acceptable level.

As noted in our response to question 2 above, APESB is of the view these gaps could be addressed by the IESBA through the inclusion of a new requirements paragraph (located just after R410.4) where firms are required to decline or discontinue an engagement if threats related to fees cannot be eliminated or reduced to an acceptable level.

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

After five consecutive years where total fees from an audit client that is not a public interest entity exceed 30% of the total fees received from the firm, paragraph R410.14 (and for on-going fee dependency paragraph R410.15) would require the firm to determine whether either a pre- or post-issuance review is an acceptable safeguard, and if so, apply it. The requirement is unclear as to the type or extent of the review to be performed. In paragraph R410.17, the requirement for an audit client that is a public interest entity is clear that the review needs to be the equivalent of an engagement quality review. The NZAuASB recommends the requirement be made clear as to the extent of review required.

Further, if the firm determines that either a pre or post issuance review is not an acceptable safeguard, there appears to be no consequence. In this regard, the NZAuASB believes the consequence needs to be clear. If the review cannot be performed, i.e., safeguards cannot reduce the threat to an acceptable level, the firm should withdraw from the engagement.

Professional Accountancy Organizations (PAO's)

18. Accountancy Europe (AE)

Yes, we support that the firm shall determine whether a pre-issuance or post-issuance review might be a safeguard to reduce the threats to an acceptable level in case of perceived fee dependency on a non-PIE client.

20. Association of the Italian Audit Firms (ASSIREVI)

As anticipated, Assirevi does not agree with the view that a fixed threshold should be established. Notwithstanding the above, we believe that, should the analysis of quantitative and qualitative factors reveal a situation of fee dependency, the proposed actions would be appropriate in order to reduce the self-interest and intimidation threats arising from such situation.

21. Botswana Institute of Chartered Accountants (BICA)

We support the proposed actions with amendment to the periods as suggested above from five to three years.

24. CPA Australia (CPAA)

The actions included in R410.14 a) and b) which relate to fees exceeding the 30% threshold for five years may be appropriate safeguards for a non-PIE. CPA Australia does not support the recommendation in R410.14 b) that requires the professional accountant to seek their Professional Accountancy Organisation (PAO) to review the fifth year's audit work. It is not the role of the PAO in many jurisdictions to provide an opinion on audit outcomes for their members, nor may the PAO be in a position or have the required skill set to offer such a service. CPA Australia recommends separating the potential safeguard for a PAO to review the fifth year's work from Option B and to include as Option C with reference to jurisdictional limitations.

- c) A professional body review the fifth year's audit work where allowable and where the professional body has the appropriate skill set and expertise available to conduct the review.

29. Instituto dos Auditores Independentes do Brasil (Ibracon)

We support the proposed actions in paragraph R410.14 in order to reduce the threats created by fee dependency to an acceptable level. In contrast, safeguards could be applied before a five consecutive years period.

30. Inter-American Accounting Association (IAA)

Yes, we support. We consider that the proposals, both to use a professional accountant who is not a member of the firm to review the work corresponding to the fifth year, as well as to have a professional accountant who is not a member of the firm or to resort to the professional union to review the audit work for the fifth year, before the firm issues its opinion on the sixth year financial statements.

31. Institute of Chartered Accountants of Bangladesh (ICAB)

Yes, we support the proposed actions in paragraph R410.14 to reduce the threats created by fee dependency to an acceptable level once total fees exceed the threshold. We believe that this action might be a safeguard to reduce the threats created to an acceptable level. However, we also believe that there are difficulties to implement the actions for non-PIE audit client and will impact the firm's independence.

We also think that in case of significant fee dependency on an audit client as noted in the paragraph, irrespective of year of audit and type of client, there should be a mechanism of reviewing audit working files by a professional accountant within the firm in addition to the engagement partner.

33. Institute of Chartered Accountants Ghana (ICAG)

Yes, we do agree. When the threshold is exceeded, a review of the audit work is the basic minimum that should be performed. Once again the basis of the 30% benchmark should be explained.

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

We are in agreement with the proposal

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

We support the substance of IESBA's proposal and agree that the firm shall determine whether the reviews as described in R410.14 (a) and R410.14 (b) might be safeguards. However, we would suggest that it might be helpful for clarification as to the exact nature of the "reviews" described in R410.14, for example, whether there might be merit in an external independent quality review being undertaken.

From a UK perspective, when there is a concern over fee dependency in relation to a non-listed entity that is not a PIE, the FRC Ethical Standard requires an external independent quality control review of the engagement to be undertaken before the firm's report is finalised:

"4.24 Where it is expected that the total fees for services receivable from a non-listed entity that is not a public interest entity and its subsidiaries relevant to a recurring engagement by the firm will regularly exceed 15% of the annual fee income of the firm or, where profits are not shared on a firm-wide basis, of the part of the firm by reference to which the engagement partner's profit share is calculated, the firm shall not act as the provider of the engagement for that entity and shall either resign or not stand for reappointment, as appropriate.

4.31 Where it is expected that the total fees for services receivable from a non-listed entity, that is not a public interest entity, and its subsidiaries relevant to a recurring engagement will regularly exceed 10% of the annual fee income of the firm or the part of the firm by reference to which the engagement partner's profit share is calculated, but will not regularly exceed 15%, the engagement partner shall disclose that expectation to the Ethics Partner/Function and to those charged with governance of the entity and the firm shall arrange an external independent quality control review of the engagement to be undertaken, before the firm's report is finalised."

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

ICPAU supports the proposed actions in paragraph R410.14 to reduce the threats created by fee dependency to an acceptable level once total fees exceed the threshold. However ICPAU believes that with the current debate on mandatory audit rotations, the IESBA may consider maintaining a principle-based

guidance with the setting of threshold definitions left for jurisdictional application. Also the IESBA may consider providing additional examples of safeguards that could reduce the threats.

38. Mexican Institute of Public Accountants (IMCP)

Yes, but we propose the number of consecutive years established in such paragraph, to be reduced to 3, instead of 5, as it is currently proposed.

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

Yes, we agree with the proposed actions. But note the actions are rule based.

43. National Board of Accountants & Auditors – Tanzania (NBAAT)

We do agree support the proposed actions to reduce fee dependency threat.

44. Malaysian Institute of Accountants (MIA)

We support the proposed actions in paragraph R410.14 to reduce the threats created by fee dependency to an acceptable level once total fees exceed the threshold.

However, we would like to highlight following for consideration:

- a) The role of the independent professional accountant is not defined. For a PIE audit, the role of an engagement quality reviewer has already been defined. However, for a non- PIE audit, there is no indication of the nature, timing and extent of the review to be undertaken by the independent professional accountant.
- b) Deliverables required from the independent professional accountant is not specified in the ED. For instance, we seek clarity on whether the independent professional accountant is required to produce a report on the subject matter, and the scope and content of such a report.
- c) The qualification or experience required for the independent professional accountant.
- d) The impact to the audit opinion when there is disagreement between the auditor and the independent professional accountant.
- e) Could a network firm be considered an independent professional accountant?

49. Wirtschaftsprüferkammer (Germany) (WPK)

Yes, we support that the firm shall determine whether a pre-issuance or post-issuance review might be a safeguard to reduce the threats to an acceptable level in the case of perceived fee dependency on a non-PIE client

Firms

52. Crowe Global (CROWE)

The proposed actions are a reasonable safeguard.

53. Deloitte Touch Tohmatsu Limited (DTTL)

Overall, we support the proposed actions to reduce the threats, however it is not clear how the existence of a joint audit reduces the threat created by fee dependency on an individual firm or partner, whether a PIE or non-PIE audit client.

55. Grant Thornton International Limited (GTIL)

GTIL supports the proposed actions in paragraph R410.14 to reduce the threats created by fee dependency to an acceptable level once total fees exceed the threshold.

56. KPMG IFRG Limited (KPMG)

We do not take exception to the proposed actions in paragraph R410.14.

2. Support with reservations

Regulators and Oversight Authorities, Including MG members

4. Irish Auditing & Accounting Supervisory Authority (IAASA)

Consistent with the view expressed in paragraph 9 above, with regards to Paragraph R410.16 we do not consider that a joint audit can replace an independent review of the audit work as safeguard in cases of fee dependency.

We request the Board to consider the insertion of application material to clarify how a firm might deal with a situation where no appropriate safeguards are available.

The current proposals could be further enhanced by noting in Paragraph 410.14 that, where appropriate, safeguards other than an independent review should also be applied.

Professional Accountancy Organizations (PAO's)

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

The proposed actions in paragraph R410.14 received mixed response and we believe the provision can be improved. Considering the comments above, some were supportive only if the threshold was modified to less than 30% and three years. In our review, R410.14 (a) was regarded as a preferred action over R410.14 (b) such that (b) should only be utilized if it is not feasible to apply (a) and that application material should be developed to explain when (a) may not be feasible. Additionally, we received feedback that the requirement should be strengthened and more directly stated to carry out the actions.

In reviewing the proposed actions, questions arose about the nature and practicality of the review to be carried out by a professional accountant in (a) and also whether the nature of the review to be carried out by a professional accountant or professional body in (b) is the same. Depending upon the size of firm, whether a member of a network of firms or not and the timing involved, some observed that practical challenges may arise in obtaining a review prior to the audit opinion being issued. In considering (b) it was recognized that, depending upon the jurisdiction, a professional body review may not be a possible option.

We also received feedback that "total fees from an audit client" should be clarified for the reader as to whether total fees include those received by network firms in addition to the firm. We believe the intent from paragraph 68 in the Explanatory Memorandum is that the use of "the total fees received by the firm from an audit client" or something similar would make this clearer in R410.14.

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

We are generally supportive of the proposed actions.

We question, however, whether the requirement to use a professional accountant who is not a member of that firm is feasible and cost effective for many SMPs.

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

In principle, we support to have a fresh pair of eyes to review the audit engagement, in order to reduce the threats created by fee dependency to an acceptable level once total fees exceed the threshold. However, it may be difficult to conduct in practical situation as an external professional accountant has to be engaged and this would lead to increased cost, and the cost will unavoidably be passed on the audit client. This may cause the audit client to consider to change auditor as they may have to bear the cost of review indirectly.

40. Institute of Singapore Chartered Accountants (ISCA)

As mentioned in Question 6, we support the proposal to include a threshold for firms to address threats created by fee dependency on a non-PIE audit client. However, we observe that it might be practically challenging for small-medium practitioners (SMPs) to apply the proposed actions in paragraph R410.14, i.e. pre-issuance or post-issuance review on the fifth year's financial statements to reduce the threats created by fee dependency to an acceptable level once total fees exceed the threshold. Such proposed actions might result in higher costs for the audit of non-PIE audit clients and burden the SMPs.

We also question the appropriateness of having a professional body review the audit work of a firm before an audit opinion is issued on a non-PIE audit client's sixth year's financial statements, taking into

consideration the resources and time required to perform the review. Professional bodies would need to be authorized to perform such review.

In addition, it is vital for IESBA to clarify the expected scope of review on the audit work to facilitate implementation of this proposal by firms.

42. Korean Institute of Certified Public Accountants (KICPA)

In Korea, the relevant law prohibits a professional accountant who is not a member of the firm expressing audit opinion from engaging in the audit work, thereby making it impossible for him/her to review the audit work, prior to the audit opinion being issued. In addition, there is no legal groundwork for the professional accountant not belonging to the firm or the KICPA to review the audit work after the audit opinion being issued, which limits the application of the safeguard, as proposed in the paragraph R410.14.

We believe additional guidance might be necessary as to whether other types of safeguards can be applicable in case the local law limits the application of the two suggested safeguards.

47. Royal Netherlands Institute of Chartered Accountants (NBA)

The IESBA proposal regarding non-PIEs offer a choice between a review prior to the audit opinion being issued or after the audit opinion being issued (we realize IESBA proposes a review and not an engagement quality control). We believe a post review is neither an appropriate safeguard nor desirable. It could imply that you have to withdraw your audit opinion, if you conclude after the audit opinion was issued that the threat was at an unacceptable level. Therefore we recommend to reconsider the option of a review after the audit opinion being issued, and welcome IESBA's proposal regarding PIEs to drop the post-issuance review option.

48. South African Institute of Chartered Accountants (SAICA)

As small firms may only have one or two audit clients and this is likely to impact them, the idea of a pre- and post-review by a professional accountant sounds like a reasonable accommodation and safeguard. In our view this would be a feasible approach and this could strengthen the Code of Professional Conduct and ensure that audit objectivity is not compromised. This safeguard could also assist in managing external perceptions. We would recommend the word "independent" be added before professional accountant to indicate the safeguard is to be carried by an associate or related party who is a professional accountant that is not in the firm.

We would like to request clarity on the use of "professional accountant" as in paragraph 410.5A3 an "appropriate reviewer" is used. What is the difference between the use of "appropriate reviewer" or "professional accountant"?

It is however important to also note the fact that "audit client" would include independently reviewed client. This might create a bigger threat to smaller firms, where they provide accounting services as well as the independent review of annual financial statements. Especially where a firm is starting up, their fees from one client might be excessive during the start-up period.

SAICA supports the proposed actions in principle, however in our view it may be costly for all firms to implement. If an auditor is starting an audit firm or the firm has reached a point where growth is not possible / probable, this safeguard may become costly for the firm / partner to implement.

For sole practitioners and small firms, it would assist if more application material on when and how the 30% threshold and 5-year rule might be communicated to a client be provided. We note the safeguard of having a regulator review the audit work or professional bodies review the independent review work. We are not sure whether the professional bodies in South Africa are geared to assist with such a request to review the audit work and if they have the required resources.

Firms

51. BDO International Limited (BDO)

As stated above in Q6, our preference is for the Code to remain principles-based. However, we agree that the proposed actions could be effective safeguards and should be included as examples of possible safeguards that would reduce threats to an acceptable level.

54. Ernst & Young Global Limited (EY)

The IESBA should be clearer as to whether an assignment of an engagement quality review would satisfy the requirement under R410.14 (a), or what is expected as to the nature and scope of such a review in order to satisfy the requirement. Consistent with our prior comments, standards such as ISA 220 addresses the responsibilities of the engagement quality control reviewer which could be applied when such safeguards are needed.

We believe the IESBA will need to clarify who “ a professional accountant, who is not a member of the firm” can be. Footnote 16 of the Explanatory Memorandum states that , “ In line with the Structure drafting guidelines, “ firm” does not cover network firms; therefore, it is permitted that the professional accountant who performs the review be a member of a network firm.” We believe this should be specifically stated in the application material as well.

58. Moore Global Network Limited (MOORE)

The safeguards offer a choice between a hot (pre-issuance) or cold (post-issuance) file review without an explanation as to when each type of review may be appropriate (i.e. that a pre-issuance review should be used in higher risk situations). This may result in firms selecting the post-issuance review given that it will be the cheaper option even when it is not perhaps the most appropriate option in the light of the nature and circumstances of the situation.

In relation to the conditions applied to R410.16 joint audits, where it refers to the involvement of the other firm being equivalent to a pre-issuance review, it may need to be clarified that this is only appropriate in true “joint audits” i.e. when both firms sign the audit report jointly. Whilst we understand that different jurisdictions have different joint audit requirements, or use the phrase ‘joint audit’ to describe something which is perhaps not actually a joint audit (i.e. in some ‘joint audits’, whilst two firms may have been involved in the audit, one firm is designated as the signing firm) it is important in such cases that R410.16 is not applied where the firm with the fee dependence over 30% is solely responsible for signing an audit opinion.

Others

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

While we are supportive of the intent behind the proposed actions in paragraph R410.14, we question the rigidity of using a professional accountant who is not and cannot be a member of that firm. If the IESBA has intended this to be a review by “a fresh pair of eyes” (equivalent to a review by a professional body), such requirement may be too rigid in practice, especially for SMPs. This will unnecessarily increase the cost of offering such service, the time to complete the assignment (a luxury not available for many SMPs) and potentially have the consequence of forcing some SMPs out of the audit market. Reducing available options in a marketplace by imposing costly barriers cannot be in the public interest.

3. Does not support

Regulators and Oversight Authorities, Including MG members

5. Independent Regulatory Board for Auditors (IRBA)

No. We question whether a “review by a professional accountant who is not a member of the firm” is sufficiently robust. Additionally, questions have been raised on whether this review is the same as a quality review, or if this includes additional considerations.

Further, as this threat is at a firm level, we question whether having a review performed by an individual within the network firm adequately reduces the threat to an acceptable level.

10. United Kingdom Financial Reporting Council (UKFRC)

No, the proposed actions are inadequate to address the threats created by fee dependency effectively. They need to be made significantly more restrictive. In the UK, we require that the audit firm should not provide the service if the threshold will be regularly exceeded rather than determine whether it can apply ‘safeguards’. We do not believe there any safeguards that can reduce the threats to an acceptable level

where a firm has an ongoing fee dependency on a single client. A review by a professional accountant, with appropriate experience, who is not a member of the firm expressing the opinion on the financial statements may be an appropriate safeguard for a new firm that is seeking to establish itself, but we would still limit exceeding the threshold to a period of not more than two years.

It is not clear why R41.0.14 is allowing the auditor the choice of a 'hot' (before sign-off) or 'cold' (after sign-off) review of the fifth year audit. If such a requirement is to be implemented it should be for a 'hot' review.

The requirement in paragraph R410.15 allows the audit firm in effect to choose whether to have independent reviews for each of the intervening years before the next fifth year audit review. We are not confident this will engender an appropriate mind-set in the auditor but simply lead to long term fee dependency on a single client being regarded as acceptable 'normal' practice as long as there is some form of independent review every five years.

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 do not support the proposed actions in paragraph R410.14 for non-PIEs. We believe the introduction of two alternative courses of action adds unnecessary complexity and risks the inconsistent application of safeguards. Furthermore, the proposed actions may also be impractical for some markets due to the limited availability of professional accountants to conduct a pre-issuance review of the firm's audit work.

23. Compagnie Nationale des Commissaires aux Comptes (CNCC)

We do not support the proposed actions in paragraph R 410.14 because we do not believe they are realistic. Regardless of the potential reluctance of the firm to let an external auditor review the audit opinion on one of their clients, the mere fact of finding an external independent reviewer, outside of the firm, may be very difficult for an SMP. Such persons are not easily identifiable, when they exist. And there is a risk that some auditors would specialize in rendering that service, becoming "professional" Independent reviewers, losing their relevance overtime, or their Independence If there are very few of them available on a small market.

However, we support the proposal in paragraph R410.16, that when the audit is conducted jointly by two or more firms, such joint-audit, with appropriate cross-review, constitutes a safeguard for the independence of the auditors.

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

As noted in our response to question 6 above, if a specific threshold of 30% is retained we believe stronger measures would be needed. We believe that with a fee dependency at this sort of level, the actions specified in R410.14 would be needed earlier than five years – perhaps three?

An additional or alternative strengthening measure might include a requirement to give specific assessment to potential threats at a lower threshold (say 15%).

Extending the transparency measure for PIEs discussed in questions 11 and 12, to non-PIEs (adjusting for timings and thresholds) could be considered where not all shareholders are involved in governance. We accept though, that there are arguments that this could actually be counterproductive and result in increased pressure on the audit firm.

37. Institute der Wirtschaftsprüfer (Germany) (IDW)

In practice the cost of an additional review will place smaller firms at a competitive disadvantage.

The "relief" intended in paragraph R410.16 by having another firm jointly involved in the audit may also increase costs (this has been one reason joint audits are not widely used unless mandated), and thus be equally disadvantageous.

41. Japanese Institute of Certified Public Accountants (JICPA)

We do not support the proposal.

As per our response to question 6, in the case of audit clients that are not PIE, we have concerns about the effectiveness of actions taken to reduce the threats created by fee dependency based on the across-the-board application of a single threshold value.

In the case of audits of non-PIE, it would be appropriate for firms to apply the conceptual framework approach in accordance with the general provisions set out in paragraphs 410.13 A1 to 410.13 A4, with each firm taking actions in the examples presented in paragraph 410.13 A4 as necessary, after considering such factors as the size of the entity and its extent of public interest in evaluating the level of the threats.

45. Malaysian Institute of Certified Public Accountants (MICPA)

By having a professional accountant, who is not a member of the firm expressing the opinion on the financial statements review the fifth year's audit work, this will in reality encourage audit clients to rotate to another firm of auditors after five consecutive years. It will create a significant impact to SMPs who typically only have a handful of audit clients. Hence, we are of the view that paragraph R410.14 is an onerous proposition to SMPs particularly though we appreciate the threats to independence for such arrangements without appropriate safeguards.

Firms

50. Baker Tilly International (BKTi)

We do not support the remaining proposals in R410.14 given the lack of clarity in the provisions as currently written. With regard to the proposals for an independent professional accountant to be appointed after five years, the following areas need to be addressed to ensure appropriate and consistent application of the requirements:

- What are the consequences if the independent professional accountant does not agree with the conclusions reached by the engagement team and the proposed audit opinion? Who is responsible for taking action in this situation, and what recourse is there for any actions to be taken?
- What is the format of the output of the independent professional accountant? Will there, for example, be a formal report of some description?
- Where there is a disagreement with the independent professional accountant, what is the impact on the audit opinions for the previous four years?
- What is the liability position of the independent professional accountant in the case of any future litigation?
- What are the requirements relating to qualifications, experience, independence etc. for this role against which the professional accountant should be assessed?
- What is the role of the independent professional accountant in non-PIE audits? For PIE audits, equating the role to that of an EQCR creates a clearer role. There is, however, no indication of the nature, timing and extent of the review to be undertaken by the independent professional accountant in non-PIE engagement. As a result, there may be lack of consistency in application of this safeguard.
- Why is there an option (b) of reviewing the fifth year's audit work after it has been completed and the audit opinion has been issued? It is unclear what the purpose or benefit of such a review is, given that the opinion has already been issued. As noted above, what would be the recourse if the independent professional accountant disagreed with the auditor's conclusions?
- In the case of networks, would a representative of another independent network member firm be considered to be an "independent" professional accountant?

57. Mazars Group (MAZARS)

We do not consider the proposed actions are practicable. It may be difficult to find suitably qualified individuals who are willing to take on this role. There are also cost implications for the client to consider. Appointing someone from another firm to review the audit file could also introduce confidentiality threats.

In addition, what would the independent reviewer's authority be and how would any disagreements between them and the firm be resolved?

Also, when a joint audit is in place, this constitutes a safeguard for the independence of the auditors.

60. PricewaterhouseCoopers International Limited (PWC)

Please see our response to Question 6. We are concerned that the Code permits the adoption of safeguards that extend over a long period of time even when the audit firm is clearly overly dependent on a single client. We recommend that the IESBA considers a required resignation if the situation continues for an extended period.

An exception might reasonably be included where a firm is acting as a component auditor of a large group audited by the Network, given that there are robust safeguards through Network quality management systems and the direction, supervision and review by the group auditor of, and ultimate responsibility for, the work performed on component financial information by that component auditor.

61. RSM International Limited (RSM)

No, we question whether it is realistic to expect a small accounting firm to be able to appoint another accountant to perform a review of one of its audits and, as per question 6, we do not support the introduction of the threshold

4. No comment

Regulators and Oversight Authorities, Including MG members

1. Bangladesh Financial Reporting Council (BFRC)
2. Committee of European Auditing Oversight Bodies (CEAOB)
3. Capital Market Authority – Saudi Arabia (CMASA)
6. International Forum of Independent Audit Regulators (IFIAR)
7. International Organization of Securities Commissions (IOSCO)

Preparers and Those Charged with Governance

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

Professional Accountancy Organizations (PAO's)

19. American Institute of Certified Public Accountants Professional Ethics Executive Committee (AICPA)
22. Chartered Accountants of Ireland (CAI)
27. Institute for Accountancy Profession in Sweden (FAR)
46. New York State Society of CPAs (NYSSCPA)

Others

62. US Center for Audit Quality (CAQ)
64. Porus Pavri (PP)