

NAS– Matters Relevant to Section 950

Objective

1. To brief the Board on the Task Force's plan to consider proposed conforming/ consequential amendments to Section 950¹ of the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) (the Code).

Background

2. Section 950 is applicable when firms provide non-assurance services (NAS) to assurance clients. Currently, Section 950 mirrors most of the general provisions in Section 600.²

*Proposed Revisions to Align with ISAE 3000 (Revised)*³

3. In March 2019, the IESBA released an Exposure Draft, [Proposed Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in ISAE 3000 \(Revised\)](#) (Part 4B/ ISAE ED). Those proposed revisions are to make the provisions in Part 4B consistent with the revised assurance terms and concepts in IAASB's ISAE 3000 (Revised). The comment deadline for the Part 4B/ISAE 3000 ED is June 26, 2019.

Matters for Task Force's Consideration

4. Following the June 2019 Board meeting, the Task Force plans to develop proposed conforming/consequential amendments to Section 950. At that time, it will have the benefit of the Board's consideration of the proposed revisions to Section 600 that are set out in **Agenda Item 6-A**.
5. In considering these matters, the Task Force will need to form a view about whether, from a global perspective, the Code should reflect the concept of public interest in Section 950 and, if so, how. In this context, it should be noted that:
 - Under the extant Code, the concept of a PIE applies only in the context of audit and review engagements (i.e., in Part 4A of the Code).
 - It is unclear as to whether there are laws and regulation that prohibit audit firms from providing certain NAS to assurance clients when the assurance client is a public interest entity (PIE).
 - In the UK, there are certain regulations which apply to the provision of NAS to an assurance client where the report is of public interest (as opposed to where the assurance client is a public interest entity). For this purpose, the UK has established a definition of a public interest assurance engagement.
6. Against this background, the Task Force will consider whether it is appropriate to extend to assurance engagements other than audits and reviews the proposed requirements that would prohibit firms from providing NAS that create self-review threats to their audit clients. This will involve

¹ Part 4B – International Independence Standards for Assurance Engagements Other than Audit and Review Engagements, Section 950, *Provision of Non-assurance Services to Assurance Clients Other than Audit and Review Engagements*

² Part 4A – International Independence Standards for Audit and Review Engagements, Section 600, *Provision of Non-assurance Services to an Audit Client*

³ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*

considering, for example, whether, for certain public interest attestation engagements, the firm should not be involved in the preparation of subject matter information which subsequently becomes the subject matter information of that assurance engagement.

Way Forward, Including Coordination with Part 4B/ISAE 3000 Task Force

7. The Task Force anticipates the need to coordinate its work with the Part 4B/ISAE 3000 Task Force. The feedback on the Part 4B/ISAE 3000 ED and, in particular the extent to which national standards include requirements that apply when firms provide NAS to certain types of assurance clients will help inform the Task Force's thinking
8. The Task Force plans to recommend proposed conforming/consequential amendments to Section 950 of the Code to the Board in September 2019.

Action Requested

9. The Board is asked to consider the matters raised in this paper and provide their reactions.