

Agenda Item 7-C (Updated)

Technology Project

Schedule of IESBA and CAG Comments on [September Text](#) and Task Force Response

	Paragraph No	Commentator	Comment	Task Force Comment / Response
1	General	Saadiya Adam	<p>Final strawman in June 2021 included the following paragraphs:</p> <ul style="list-style-type: none"> ○ Paragraph 100.2 ○ Paragraph R111.2 (c) ○ Paragraph R113.1 ○ Paragraph 113.1 A3 ○ Paragraph 113.1 A4 <p>These seems to be missing from the current draft. Did the TF decide not to amend these paragraphs?</p>	<p>Since the June 2021 Strawman, there was an updated August 2021 draft incorporating the June IESBA comments. A summary of the key comments and the TF's responses reflected in the August draft is outlined in Appendix 1 of Agenda Item 7 of the September IESBA papers.</p> <p>The TF's approach in relation to each paragraph identified was as follows:</p> <ul style="list-style-type: none"> ● Paragraph 100.2 - see §120.14 A3 ● Paragraph R111.2 (c) - reversed following IESBA feedback in June 2021 that it was editorial in nature ● Paragraph R113.1 - see §113.1 A1 ● Paragraph 113.1 A3 - reversed following IESBA feedback in June 2021 that the term was too vague and that it was already deliberated/addressed by the Role and Mindset project ● Paragraph 113.1 A4 - reversed. The Task Force's view is that specific reference to the IESs in the text of the Code would be inappropriate given that some jurisdictions have their own education standards. The importance of education standards (with particular reference to the IESs) can be emphasized in the Explanatory

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				Memorandum to the Exposure Draft instead.
2		Mike Ashley	Much more comfortable with general sense of it now	Noted
3		Hilde Bloome (CAG – AE)	<ul style="list-style-type: none"> • Expressed being overwhelmed at the number of revisions to the Code and questioned if all the changes are need or if some are of a broader remit than just technology • Suggested the TF do a ‘stand-back’ test and evaluate if its revisions will help the PAs in practice 	<ul style="list-style-type: none"> • Noted. • The TF will review all proposed changes/additions to the Code in light of Board and CAG comments
4		Conchita Manabat (CAG - IAFEI)	<ul style="list-style-type: none"> • Agree with what has been said so far re overwhelming number of changes for technology, and the changes would mean significant learning and education, even with practitioners • Therefore, suggested the TF to be more specific as to what is actually needed from PAs • Questioned what the TFs view on XBRL adoption is (which was ‘emerging’ a few years back, but is now common in the US and Europe). Considers this to be an example of why the TF cannot include all technology into the Code as it is always changing 	<ul style="list-style-type: none"> • Noted – see #3 above • The TF will focus on the principles that PAs should apply when addressing ethical issues arising from technology – which are the FPs and CF with such revisions as are necessary. • Noted – and XBRL is an example of the reasons why the TF believes it is essential to focus on principles that have general application.
5		Akihito Ishiwata (CAG – IOSCO)	<ul style="list-style-type: none"> • Thanked the TF for the clear explanations • Noted two observations: (1) revisions to the code should be consistent with the ISA projects, for e.g., the IAASB’s project on ISA 500; and (2) guidance on technology issued by the WG needs to keep abreast of changes to the Code and to ISAs as well as emerging technology 	<ul style="list-style-type: none"> • Noted • Co-ordination with IAASB is (as necessary) in hand. <p>IESBA Staff and IAASB Staff met on 15 and 22 Sept to discuss the key proposed changes to be presented to the IESBA at its September meeting, and the IAASB’s current workplan and strategy for technology, respectively. Greg Driscoll, the IESBA correspondent member for</p>

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				the IAASB TWG has provided an update on the IESBA Sept deliberations regarding the Technology project to the IAASB TWG on 27 Sept.
6		Jazmin Gambon (CAG – FEI)	<ul style="list-style-type: none"> • Thanked the TF for the presentation • Very pleased that non-financial reporting is addressed 	Noted
7	113.1 A1	Saadiya Adam	<p>Noted that the wording in para (b) comes from the IES Standard. Prefer the approach without mention of IES Standards.</p> <p>However, we might be faced with the question if everyone understands what organizational skill is consistently understood?</p>	<ul style="list-style-type: none"> • Noted – that remains the TF’s preferred approach • No change was made to expand on term “organizational skills” or reference the International Education Standards (IESs). The TF believes that the different terms, taken from the IESs, can be explained within the Explanatory Memorandum (EM) upon exposure.
8		Liesbet Haustermans	<p>Verb or action is missing. How do you comply by just having</p> <p>Not sure grasp link with technology</p>	<ul style="list-style-type: none"> • See proposed revision • This revision is not limited to technology
9		Brian Friedrich	Remain concern that the reference to IES has been removed – given requirement for IFAC member bodies to do IES. This means PAOs and NSS have competency maps etc. All these are contained within IES if adopted or if NSS has adopted something no less rigorous.	<ul style="list-style-type: none"> • Noted – The TF believes that it is preferable to avoid dependence on specific education/competency standards/regimes – note the Code currently refers to auditing standards in generic terms - §120.13 A1; R360.15; §360.28 A1. • No change to include the direct reference to the IESs. Will include in the EM an explanation of

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			<p>Lack of reference to IESs leads to lack of consistency and clarity. Lack of consistency comes out in comments and responses.</p> <p>Not sure what is competence now as PAOs have competence maps etc to find that info what is the min. standard of competence</p>	the importance of the IESs and the obligation for IFAC's PAOs to observe the IES or regimes no less rigorous.
10		Vania Borgerth	IPAE want to know when is best time to interact to work together to ensure that these skills are there for the future professional	Noted – Staff will reach out to discuss.
11		Wei Meng (CAG – WFE)	<ul style="list-style-type: none"> •Observed that the skillsets proposed in para 113.1 A1 does not appear to be specific to the digital age •Hence suggested that the TF provide an explanation of why this is included in the Code, as the general principles already exist 	<ul style="list-style-type: none"> • Noted that this revision is not limited to technology but it also relates to PAs' application of technology in the course of their professional activities; and in the execution of their professional activities more generally. • Recognition of these skillsets was one of the Recommendations the TF is to consider
12	R113.3	Saadiya Adam	No comment	Noted
13		Caroline Lee	<p>Does not seem necessary or practical that PAIB would need to explain the “nature of” his/her work</p> <p>The original R is focused on inherent limitations then that is what is you need to make your client or employing org be aware of</p>	See proposed revision to achieve the objective – namely that the recipient should have the information necessary to understand the implications of the limitation.
14		Mike Ashley	Didn't read it like this – it is an obligation for PAIB to be comfortable that whoever the user is, understands the limitations – not really a communication for detailed expectations on the JD	See #13

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15		Liesbet Haustermans	<p>Agree with Caroline because how sentence is written – the ‘shall’ is the problem</p> <p>The addition of ‘nature’ of the service, creates ref to certain circumstances. When u talk about the limitation you have to talk about the nature anyways</p>	See #13
16	113.3 A1	Saadiya Adam	<p>Would this application paragraph be strong if it was written as follows:</p> <p>A professional accountant need to evaluate whether the information to be provided about a professional service or activity would be sufficient to enable the recipient of that information to understand the nature of such services or activities and any limitations inherent therein. This might include consideration of the reasonable and informed third party test.</p> <p>Editorial: R113.3 uses “ and limitation” vs 113.3 A1 uses “and any limitations”</p>	Given that the RITP test is part of the CF, and in light of proposed revision to R113.3 (see #13 above), the AM is unnecessary and so is deleted
17		Andy Mintzer	<p>[I prefer the construct in 115.1 A1 as I find the phrase “might use the RITP test” odd and I cannot find it elsewhere in the Code – also does a conforming change need to be made since the first time RITP test is mentioned in the code is not until 115 and this is section 113?]</p> <p>AMM suggestion: Information that might be provided about a professional service or activity includes</p>	See #16

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			information that a reasonable and informed third party would be likely to conclude is necessary to understand the nature of such services or activities and any limitations inherent therein.	
18		Mike Ashley	<p>Questioned RITP insertion in the context of the structure of the Code</p> <p>Because a PA applying judgment are already obliged to use the RITP</p> <p>Hence, "might use" is odd language</p>	See #16
19		Sung-Nam Kim	The last word "therein" change the word to something else as guideline discourage that word use	See #16
20		Liesbet Haustermans	Use of 'where appropriate' is unclear.	<p>See #16.</p> <p>However, the TF did not change the lead-in to extant para R113.3 which begins with "where appropriate".</p>
21		Brian Friedrich	<p>In a prior construct it captured the technology aspect more</p> <p>Does not view it just as word smithing to include the terms transparency and explainability in the code. These words are included many AI frameworks and principles etc. and have heard from regulators and NSS. Views it as a missed opportunity if these terms are not incorporated in the Code.</p>	<ul style="list-style-type: none"> • "Transparency" is a multi-faceted and wide-ranging concept. Further it cannot be viewed in isolation. If included in its broadest sense, the Code would have to address a range of considerations – commercially sensitive information; the overarching responsibility of a client's governance body for determining what information is provided to stakeholders etc.; interaction with other applicable frameworks. • For these reasons, the TF does not consider that the FP of Professional Competence and Due Care is the appropriate place to address that concept.

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				<ul style="list-style-type: none"> • The TF also believes that “transparency” in Artificial Intelligence (important due to “black box” AI situations) should not be extrapolated to being equivalent to a PA’s obligation with respect to “transparency” when applying the Conceptual Framework. • The TF decided against including the term “explainability” (as referred to in Artificial Intelligence frameworks) for translation reasons. Instead, the TF will consider including an explanation of the TF’s approach in the EM and seek views on whether the term should be used.
22		Wei Meng (CAG – WFE)	<ul style="list-style-type: none"> •Observed that the proposals in para 113.3 A1 are not directly related to technology •Hence suggested that the TF provide an explanation of why this is included in the Code, as the general principles already exist 	See #16
23	114.1 A2	Saadiya Adam	<p>During COVID – and a quick work from home environment, there was or is a concern that confidential information may be transferred without consideration of maintain the confidentiality thereof. (e.g. audit team member sending confidential information via email (sometimes personal email)).</p> <p>Thus, a suggestion to include “in course of its collection, use, transfer, storage....”</p> <p>114.1 A2 Maintaining the confidentiality of information acquired in the course of professional and business relationships involves includes the professional accountant taking appropriate action to secure such</p>	Suggested revisions adopted

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			information whilst it is within their possession, knowledge, and control, including in the course of its collection, use, storage, dissemination and lawful destruction.	
24		Sung-Nam Kim	Do we need 'including'?	See #23
25		Brian Friedrich	Believes that in this digital age, users will look for the term 'privacy' in the Code. Thus TF should include the term "Privacy" in the e-Code, i.e. users searching for it will be taken to the definition of confidentiality, where it can be incorporated by referring to local laws and regulations	The TF recognizes that privacy is an important and sensitive issue. Confidentiality is a wider concept than privacy and raises very different issues. TF will consider including an explanation of its approach in the EM and including a specific question in the ED as to whether the term should be included.
26		Gaylen Hansen	"Dissemination and lawful destruction" reads harsh Perhaps consider "lawful disposition" as numerous jurisdiction require lawful retention	Given that the text already includes 'storage', no change proposed
27		Liesbet Haustermans	<ul style="list-style-type: none"> Suggestion re the order – this new para A2 is better with the R para – thus replace extant A1 with this A2 – hence it is all about the complying the principle of confidentiality Is there anything 'missing' from this list, why use word 'including' 	<ul style="list-style-type: none"> No objection to suggested re-ordering of A1 and A2. See updated text. Suggest retention of 'including' as it avoids claiming completeness
28	114.1 A3	Saadiya Adam	No comment	Noted
29	120.6 A5	Saadiya Adam	<ul style="list-style-type: none"> Editorial: The lead in paragraph uses the term "use of technology" and bullet 3 also has "use and explain." Is this a circular inclusion. 	<ul style="list-style-type: none"> No – because bullet 3 focusses on the PAs expertise/ability to use and explain (as opposed

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			<ul style="list-style-type: none"> Usually when the Application Paragraph in the Code uses that has factors – is it phrased as “Factors to consider in determining...” (This is similar to the PIE paragraph 400.6. 	<p>to whether the decision to ‘use’ the technology is appropriate</p> <ul style="list-style-type: none"> See proposed revision
30		Andy Mintzer	<ul style="list-style-type: none"> Sub-bullet 3 - I believe “the expertise” should be replaced by “sufficient professional competence”...as the lead-in to this list of bullet points refers to threats to the FP...one of those FP is professional competence and thus I believe it is clearly to use that term than a new term “expertise” Sub-bullet 4 - I prefer “Whether the use of the information generated by the technology might create a self-review threat”. <p>ALTERNATIVES</p> <ul style="list-style-type: none"> I do not like the phrase “the technology uses...” It seems to animate the technology. I would prefer something like “the technology is based on...” I also think the self-review threat is an effect of the expertise or judgment attributed to the firm so I would suggest replacing the “and” with “which” as in ...which might create a self-review... 	<ul style="list-style-type: none"> See proposed revision based on suggested approach The objective is to highlight that if the firm develops the technology, the expertise it uses to do so may give rise to a SRT See proposed revisions to clarify the intent
31		Sung-Nam Kim	<p>Lead-in after “upon” - I suggest adding a comma for the benefit of users.</p> <p>Sub-bullet 4 - I suggest changing to 'a self-review or self-interest threat', consistent with the expression in</p>	See proposed revisions

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			other parts of the Code, i.e., paragraphs 520.4 A1 and 522 4 A1.	
32		Mike Ashley	Slightly troubled (applies to both PAIB and PAPP) with the way the last bullet is addressed. Almost inevitable that someone working in an org is using tech put in place by that org so implicit that there is some expertise and judgement in that tech. Thus, worried/cautious about raise a red flag for PAIBs re self-interest and self-review. For PAPPs it might be okay.	See proposed revisions
33		Liesbet Haustermans	<ul style="list-style-type: none"> By bringing this in, it is polluting the section on CF. Not saying not to include it, but it should be in s200 and 300 Furthermore, if it is under this section, it should be “facts and circumstances”, not factors If stays like this, will not vote for it in December 	<ul style="list-style-type: none"> Relocated as suggested to s200 and s300
34		Brian Friedrich	Sympathetic to Liesbets points on geography Most relevant to 220 and 320 so suggest to look at that	See #33
35		Hilde Bloome (CAG – AE)	The proposals in para 120.6 A5 should refer to “facts and circumstances” rather than “factors”.	See #33 and revised to “facts and circumstances”
36	120.13 A1	Saadiya Adam	<u>Overall:</u> <ul style="list-style-type: none"> It is still unclear what would be considered a complex circumstance. A complex circumstance would not change depending on the professional accountant. That 	<ul style="list-style-type: none"> See proposed revisions Noted <p>Other – The term ‘complex’ is used in a different context in the IAASB project.</p>

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			<p>is – all PAs will consider it a complex circumstance.</p> <ul style="list-style-type: none"> • PAs will first need to identify a complex circumstance. It is important to draw this out. • The real test would be how many circumstances we foresee falling within this definition. <p><u>Other:</u> IAASB recent project on Less Complex entities – has complexity been considered as this may be a cause for confusion.</p>	
37	120.13 A2	Saadiya Adam	Lots of words in this paragraph that have similar meaning. Are they all necessary?	See proposed revisions
38		Andy Mintzer	I would strike “interconnected or interdependent” as this implies that a stand-alone element may not involve complex circumstances. Is it necessary for this exercise to determine the interconnectivity of factors or is it enough to conclude...as noted at the end of this sentence...that the element is uncertain or unpredictable or involve multiple variables? I think it is.	See #37
39		Sung-Nam Kim	This language 'include' is used twice in a row, sounding a bit awkward. I suggest changing either of them to a language with the same meaning.	See #37

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40		Liesbet Haustermans	Examples provided are not clear, I can get there based on previous presentations by Brian on the difference between complicated and complex; but thinks that just reading it, users wont understand it	See #37
41		Stavros Thomadakis	Suggest that all the words there are not needed: “interconnected or interdependent”; “uncertain or unpredictable”. Suggest to take one of the words from these two couples. Makes it more simple. Otherwise people start thinking about what is the difference.	See #37
42		Brian Friedrich	Agree with Stavros point. Some of these words can be taken out. Believes that it is more an “interdependent” issue. But argues it is both “unpredictable and uncertain”.	See #37
43	120.13 A3	Saadiya Adam	Would transparency be a consideration? Especially if this is an item that might attract significant professional judgement on the FP – disclosure of this item might be needed.	The TF believes that this is addressed in bullet 3.
44		Andy Mintzer	Sub-bullet 1 - Is this necessary – R120.5 already charges the PA with having an inquiring mind when applying the conceptual framework...why is this needed since it seems to be an R paragraph...no? Maybe reword it as a cross reference to R120.5 or to one of R120.5 application paragraphs?	Noted – First bullet deleted

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45		Sung-Nam Kim	<p>Sub-bullet 4 “organization” - I suggest changing to 'employing organization' consistent with the phrase in other parts of the Code.</p> <p>Sub-bullet 5 “they” - I suggest changing to 'a professional accountant'.</p>	Noted - See proposed revisions
46		Mike Ashley	<p>Sub-bullet “Using tech to provide technology quickly and frequently” - Wasn't convinced that will help because getting lots of data doesn't necessarily help with complex situations</p> <p>Other sub-bullets are valid.</p>	<p>Noted – the thought was that monitoring of changing circumstances is facilitated by frequent checks on relevant information (open to other wording to make point).</p> <p>See proposed revision to make the point more clearly</p>
47		Liesbet Haustermans	<ul style="list-style-type: none"> • Serious problems with these paras and don't see need for these three paras. • The way it is now there is no true value in these paras. What confirms that is all these actions described in A3 come back to CF para of PJ (i.e. the inquiring mind in 120.5 A5) – so hence it is implicit in the Code. Therefore, sig concern on these 'actions'. • Sub-bullet 3 “When using tech quickly and frequently” – why is it a point? • Last sub-bullet: When is monitoring appropriate? Who is “they”? Also don't use “may”. 	<ul style="list-style-type: none"> • The TF considers that, if the recommendation is to be acted upon (ultimately a matter for the Board), the paragraphs add worthwhile guidance on the additional examples of considerations that a PA should have regard to. • See #46 • See proposed revisions

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48		Caroline Lee	<p>When thinking of complexity it should relate back to PC&DC , so complexity paras are wider than expected</p> <p>Inquiring mind is already covered in CF, so why need to reiterate</p> <p>Sub-bullets with “Consulting” and “Discussing” just seem to be saying same thing</p> <p>Sub-bullet “The using tech to provide info quickly n frequently” is confusing</p>	<ul style="list-style-type: none"> • See proposed revisions • See #44 • Consulting relates to input from others/experts; Discussing relates to transparency • See #46
49		Brian Friedrich	<p>Overall right direction in terms of detail etc.</p> <p>One mitigation that is missing, it is the notion of recognizing and differentiating the complex elements</p> <p>In response to Caroline’s point – complexity is not just related to PC&DC – for e.g. complexity & bias can interact to impact Objectivity.</p>	<p>It is not envisaged that a PA will set out to identify a situation that meets the criteria of a complex circumstance.</p> <p>Para A2 provides examples of the characteristics that are most frequently seen in “complex circumstances”.</p> <p>The objective of para A2 is to help a PA analyze why the circumstance might be complex and, in para A3, guide the PA to tools that might assist in managing that circumstance.</p>
50		Saadiya Adam	<p>Questioned if a complex circumstance is always complex regardless of who the PA is? If that is the case, how to ID that circumstance?</p> <p>Personal reflection not every circumstance is complex</p> <p>So it is defining the complex circumstance</p>	<p>See #49</p>

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51	120.14 A3	Saadiya Adam	<p>This paragraph has been introduced by the Role and Mindset project that becomes effective in Dec 2021 (Not yet effective).</p> <p>Disappointed that we are already looking at further revisions. These para so not fundamental to the Technology project and should be avoided.</p>	The IESBA is requested to provide views on whether the proposed addition of sub-bullet (b) should be included.
52		Mike Ashley	Sub-bullet (b) - Why business organizations only? It could also be individuals	See proposed revision
53		Liesbet Haustermans	Sympathize with Saadiya's point. When read it – the addition is all about the Code, so don't see the point	See #51
54	R220.7	Saadiya Adam	I wonder if we have done enough for PAIBs this is what I considered when I read the mark up cold. However, I had to remind myself that we have been considering Technology for several years now. The Role and Mindset project, and NAMs released. A suggestion would be to pull this history into the Explanatory Memorandum so that the reader can appreciate the whole story.	Noted – to be considered when EM is drafted
55	220.7 A1	Sung-Nam Kim	Lead-in "reliance on others" - Given the changes in R220.7 and 220.7 A2 as well as the heading differentiate between 1) reliance on the work of others and 2) reliance on technology, I suggest staying true to the phrase 'reliance on the work of others'.	See proposed revision
56	220.7 A2	Saadiya Adam	<p>A suggestion:</p> <p>220.7 A2 and A3 should be combined.</p>	No change – A3 applies to both A1 and A2

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57		Sung-Nam Kim	Sub-bullet 1 “acquired” - I suggest changing to 'acquired from'.	See proposed revision
58		Mike Ashley	<p>Pleased with these factors.</p> <ul style="list-style-type: none"> Using slightly different words in 220 vs 320 without understanding the rationale for that. For e.g. the last bullet in 220 and first bullet in 320 seem to have similar meaning so why use different words. Hence, suggest to conform. 	See changes to conform factors in both paragraphs
59		Jim Dalkin (CAG – INTOSAI)	Noted the TF’s proposals in para 220.7 A2 fifth bullet , and questioned (1) if there is a documentation requirement, and (2) how it interacts with the ISAs, for e.g., ISA 540.	See #60
60		Gaylen Hansen	In response to Jim Dalkin’s point, agreed that documentation requirements of accounting estimates performed using technology is covered in the ISAs rather than the IESBA Code	Covered in ISAs
61	220.7 A3	Saadiya Adam	<p>Editorial</p> <ul style="list-style-type: none"> “whether the professional accountant’s position and seniority <u>within the organization</u>” 	See proposed revision
62		Andy Mintzer	I think “position” is sufficient for an A paragraph...I see seniority as a subset which might unduly focus this guidance.	See proposed revision
63		Mike Ashley	<p>Really whether they are in a position to need to – if junior inherently relying. Is expected of me or part of my job description.</p> <p>Can express as is “there expectation...”</p>	<p>No change.</p> <p>Acknowledged an IESBA member’s suggestion to incorporate the concept of whether it is the PA’s responsibility/whether it is expected of the PA, to determine whether reliance on technology is reasonable.</p>

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				<p>In this regard, the TF considers that the paragraph as drafted allows sufficient scalability upon application.</p> <p>The TF believes that explicitly including such reference to “responsibility” or “expectation” could create unintended consequences, as it creates the impression that a PA has a “loophole” out of assessing whether the reliance on technology is appropriate.</p>
64	R320.10	Saadiya Adam	Preference for professional activity.	Noted
		IFAC SMP ADVISORY GROUP	<p>The SMPAG looks forward to the specific virtual meeting on this project to be scheduled later this year. We have some initial concerns relating to overall responsibility and who should be required to determine suitability of specific technologies that are selected. For example, should this be done at individual engagement level, firm level, etc. Related to this point, we are also concerned with the proposed change to R320.10, which reads:</p> <p>“When a professional accountant intends to use the work of an expert or technology in the course of undertaking a professional [engagement/activity], the accountant shall determine whether the use is appropriate for the intended purpose.”</p> <p>This requirement of determining whether a particular technology is appropriate for the intended purpose can have practical implications and we plan to have more detailed discussions within the SMPAG to develop detailed views after we have a chance to</p>	Noted – to be discussed with IFAC SMP Advisory Group. Meeting with the IFAC SMP AG’s Ethics Task Force has been arranged for 15 November.

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			discuss further with the staff and the Board later this year.	
65	320.10 A2	Saadiya Adam	<p><i>Compared 320.10 A2 vs 220.7 A2. There are some differences and wondered why they were not aligned.</i></p> <p>Specific to highlighted paragraph: The lead in sentence specifically refers to technology, “work of experts” feels out of place. Should this not rather be the reliance of the expert on the technology and not relying on the expert?</p> <p>Suggested wording: <i>The expected use of, or extent of reliance on, or output from the technology by the professional accountant or expert used.</i></p>	<p>See proposed revisions to conform the factors</p> <p>A1 and A2 are deliberately different: 320.10 A1 addresses reliance on the work of others (as per extant). 320.10 A2 is new and addresses reliance on technology.</p>
66		Sung-Nam Kim	<ul style="list-style-type: none"> • Lead-in “use and reliance” - If the term 'reliance' is added here, the conforming change may need to be made in the 2 paragraphs above as well as the heading. • Sub-bullet 3 “the work of experts” - Please consider deleting this, given the above paragraph and the change made in paragraph 220.7 A2 (4th bullet). 	<ul style="list-style-type: none"> • Noted 220.7 refers to ‘relying’; 320 refers to ‘using’ – appropriate revisions made • See proposed revisions
67	400.14 A1	Saadiya Adam	No comment	Noted
68		Liesbet Haustermans	Change first line to "Even when technology is used in providing..."	See proposed revision which seeks to combine the objective of the comment without losing the objective of the previous draft.

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69	520.3 A2	Saadiya Adam	No comments – agree with suggested changes	Noted
70		Sung-Nam Kim	Sub-bullet 4 “a firm or network firm” - Please consider making this phrase consistent with that in the above 2 bullets by changing to 'the firm or a network firm'.	Suggestion adopted
71	520.7 A1	Saadiya Adam	No comment	Noted
72		Sung-Nam Kim	I wonder if the phrase 'the firm or network firm' is better fit for TF's intent.	See #70
73	600.6	Saadiya Adam	No comment	Noted
74		Andy Mintzer	Although I am pressed to imagine a circumstance where no technology is used...I think these requirements/application apply in all circumstances “including” when...	Suggestion adopted
75		Sung-Nam Kim	<ul style="list-style-type: none"> Sub-bullet (a) – It sounds like that this 'technology' includes every single hardware and software used by the firm regardless of who designed or developed and for which purposes as far as they are used for a NAS to an audit client. For instance, software/hardware, developed by a non-audit client, could be included in the 'technology' in this paragraph if they are used for a NAS to an audit client? Users of the Code may experience difficulties in understanding the reason for revision. We may need a qualifying phrase for 'technology'. Sub-bullet (b) - It could be read that technology, designed and /or developed by the firm, is not 	<p>The TF's intention is to make it abundantly clear that the NAS provisions apply no matter what vehicle is used to perform the service (human or technology or a combination thereof).</p> <ul style="list-style-type: none"> (a) the use of technology has the potential to create, for example, a SRT – whether developed etc by the firm or not. So this is simply saying “think about the potential for threats’ even when using technology. (b) covers design/development because such technology will be sold or licensed to the audit client. (b) has been extended to be explicit.

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			included in the 'technology' in this paragraph. I am afraid this paragraph may mislead users.	The IESBA is reminded that this paragraph was developed in response to the 24% of survey respondents who indicated that they did not think that NAS provisions are relevant when a firm licenses technology that performs a NAS to the audit client. This paragraph has received support from both the CAG and PIOB.
76		Liesbet Haustermans	<ul style="list-style-type: none"> Issue with the location of this para – it reads like the NAS provisions only apply in situation of tech because of its location. Ok with sub-bullet (a) but problem with (b). <p>Firstly not structure compliant in sub-bullet (b). Secondly, isn't the real problem that the firm has developed or designed the software, and hence judgment is attributable. If it is pure licensing then it is reselling, and the guidance should be in 520</p>	<ul style="list-style-type: none"> Noted, see proposed clarifications in the lead-in. (b) See #75 2nd bullet.
77	600.9 A2	Saadiya Adam	No comment	Noted
78		Mike Ashley	Questioned if this sub-bullet should really be asking the reader to think about how entrenched the technology is in the service – rather than the frequency	The bullet seeks to address the concept of dependency – and the threats arising from dependency. This includes the frequency of the service which might lead to an assumption of management responsibility as the results of the service becomes, for example, part of the audit client's internal controls. See proposed revision
79	601.5 A2	Saadiya Adam	Agree with removing the reference to paragraph 601.5 A1	Noted
80		Andy Mintzer	Similar to above at 120.6 A5	Suggestion adopted

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			I do not like the phrase “the technology uses...” It seems to animate the technology. I would prefer something like “the technology is based on...”	
81		Liesbet Haustermans	Good change that was made. Only suggestion is – in 601.5 A3 – the e.g.’s of routine or mechanical – ask TF to bring in concept of “automated” in the e.g.s.	See proposed revision.
82	606.2 A1	Saadiya Adam	Agree with suggested changes	Noted
83		Liesbet Haustermans	Acknowledge the para is trying to describe IT systems service – but questions whether, by adding all these terms, practitioners will understand what all these terms mean? Hesitant to have all these terms without guidance. Not saying it should be in Code – but perhaps a good opportunity for NAM Also is this a complete list of everything? What if something is missed, then the section doesn’t apply? Questions why is it “managing” hosting and not hosting itself?	No change - See #85/86
84		Sung-Nam Kim	Sub-bullet 2: Are we saying “implementation” includes all these items	Yes. Given the number of specific services within the broad service of "implementing", for simplicity and to avoid the need to repeat them throughout the subsection (i.e. see para 606.4 A3), the TF has proposed including them within the term “implementing”. The IESBA is requested to provide views on this approach.

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85		Ken Siong	<p>In terms of Liesbet’s point, it is a challenging question in terms of how far the Board should go in describing all the terms. The para should be read in a general sense, and how one should understand the sub-bullets needs to consider the facts and circumstances.</p> <p>Struggling to see how the TF would react to Liesbet’s comment, without coming out with a separate publication. Perhaps consider if this should be commissioned with collaboration with others.</p>	Noted
86		Caroline Lee	<p>Agree with Ken</p> <p>In the event this para remains – responsive to Sung-Nam’s comment – suggest to flip the sentence around so it ends with ‘... or other ways of implementing IT systems’</p>	Suggested amendment adopted
87	606.2 A2	Saadiya Adam	No comment	Noted
88	R606.3	Saadiya Adam	<p>This wording aligns to the introductory 600 section. Is there an additional bullet we should be considering?</p> <p>Agree with the proposed changes</p> <p>Sub-bullet (d) - Suggest to remove ‘s’</p>	Noted
89		Andy Mintzer	<ul style="list-style-type: none"> Sub-bullet (b) - As seen in the strikethrough Extent used “a competent employee, preferably within senior management”... <p>I don’t disagree that the phrase “preferably within senior management” does not seem like the appropriate language in an R paragraph...but did the TF consider retaining the “preferably within</p>	<ul style="list-style-type: none"> Phrase re-instated See proposed revision

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			<p>senior management” language in an “A” paragraph?</p> <ul style="list-style-type: none"> Also – consider “competent personnel” instead of “employee” as I don’t think the provision is meant to be focused on someone’s legal employment status. 	
90		Mike Ashley	Build into sub-bullet (c) the same point as sub-bullet (b)	No change - (b) focuses on decision-making; (c) focusing on the client taking responsibility for evaluating the output of the service etc.
91	606.3 A1	Saadiya Adam	Agree with suggested changes	Noted
92		Sung-Nam Kim	Please consider changing to 'systems', consistent with the term used across this subsection.	No change – hosting is a service provided by a system.
93		Liesbet Haustermans	<p>Not clearly describing what is the issue with hosting data – and potential link with assuming mgmt. responsibility.</p> <p>In the SEC rule hosting is defined as performing a mgmt. function. That is the big dif with IESBA, is that mgmt. responsibility is actually taking responsibility.</p> <p>Does not see hosting itself as mgmt. responsibility but it is the managed service around it. For e.g. where the issue is, is where you start doing services around the hosting of data – i.e. maintaining, updating, securing – i.e. TAKING responsibility for it – becoming an outsourced service</p>	See proposed revision
94		Laurie Endsley	Not clear for reasons that Liesbet laid out	See #93

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95		Brian Friedrich	<p>On the phrase “...and such data is accessible only through the firm or network firm...”, suggest the TF consider the following scenario:</p> <p>A firm arranges a 3rd party service provider to store client data. So therefore the client would not be accessing the data thru the firm; but rather thru the 3rd party service provider.</p>	See #93. The IESBA is requested to provide views on whether the latter part of the sentence “and such data is accessible only through the firm or network firm” is necessary in 606.3 A1 given that 606.3 A2 already explains what does not constitute hosting.
96		Mike Ashley	In this day and age if doing hosting, you are doing a resilience service, and that is key. Hence, I would prohibit it.	See #93
97		Jim Dalkin (CAG – INTOSAI)	Questioned what represents ‘management responsibility’ in respect of hosting. For e.g., can it be a ‘document’ that is signed by the firm and client.	See #93
98		Gaylen Hansen	Questioned if the proposals in relation to ‘hosting’ address firm portals which contain financial statement information. Noted that there is a public interest in these circumstances as there is the risk of the F/S information being inappropriately marked-up and thus misleading the public; and suggested the TF should consider it.	See #93
99	606.3 A2	Saadiya Adam	Agree with suggested changes	Noted
100		Yaoshu Wu	Not clear the meaning of ‘permissible’ service to the client. This also comes up in s900 but uses ‘engagement’ instead.	Permissible services are those that an audit firm is allowed to provide – i.e. those that not prohibited

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				and which are provided in compliance with the CF (e.g. any threats addressed etc.)
101	606.4 A2	Saadiya Adam	Agree with suggested changes.	Noted
102		Brian Friedrich	<p>The rewrite of A1 and A2 seem contradictory because they have the same start</p> <p>Consider starting A2 with the specific element that 'don't usually create a threat' is</p> <p>Also, seems risky including the 'does not create a threat' at all in the para A2. Hence, he would go further and delete because may change in the future</p>	§606.4 A2 has been deleted given that the essence of the point is also addressed in the 2nd bullet of §606.4 A3.
103		Kim Gibson	<p>Good point that Brian has made</p> <p>In the NAS project – we spent time on this specifically and thought that it was important to leave sub-bullet (c) “off-the-shelf” in with the qualifier of “not significant”</p> <p>In terms of sub-bullet (c) “off-the-shelf” - Surprised that it now changes to “might create a threat” since NAS revisions just came out</p>	See #104
104		Diane Jules	In response to Kim’s point, remind the Board that comment letters were received on s606 in the NAS ED; and that the NAS BfC noted that technology-related NAS revisions would be addressed by the Technology project, including s606.	Correct

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105		Liesbet Haustermans	<p>Deletion of “off-the-shelf” - Understand what the TF is trying to get to.</p> <p>However, before making the deletion – reflect on whether all these instances will lead to threat</p> <p>Struggling with what actually ‘might create a SRT’ and on the ‘not significant’ point</p>	<p>“Off-the-shelf” is an almost irrelevant concept now – most systems need some tailoring to the user’s needs etc. Hence the TF view is that it is unreasonable to include “off-the-shelf” implementation as a service that does not usually create a threat.</p> <p>The point on what actually might create a SRT is addressed by deletion of §606.4 A2 and reliance on the subsequent paragraph outlining the factors relevant in identifying, and evaluating the level of, a SRT.</p>
106		Laurie Endsley	Same concern as Liesbet. TF needs to consider what exactly is it that causes the SRT and have some clarity on that	See #105
107		Sanjiv Chaudhary	Questioned if “off-the-shelf” also takes on mgmt. responsibility	Management responsibility addressed in §R606.3
108		Gaylen Hansen	<ul style="list-style-type: none"> • Questioned if “off the shelf” was removed from the Code • Further questioned if the TF had proposed any definition as to what constitutes “off the shelf” 	<ul style="list-style-type: none"> • No – see §606.4 A4, last bullet • No – see #107
109	606.4 A4	Saadiya Adam	Unsure about network security features – being responsible for this for an audit client could have liability consequences? Should this be include under the intro wording of a might.	No change

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110		Sung-Nam Kim	<ul style="list-style-type: none"> • Sub-bullet 2 “services” - To be deleted. • Sub-bullet 2 “recovery” - I suggest changing to 'recovery services'. • In previous session – the external speaker talked about ‘cybersecurity’ / ‘information security’ – how do these terms relate to the 2nd bullet which discusses ‘network security’ <p>Sub-bullet 5 “comma” - To be deleted.</p> <p>Sub-bullet 5 “network” - Please consider changing to 'network firm'.</p> <p>Sub-bullet on “off-the-shelf” – why are the other two terms in the description of ‘installation’ missing</p>	<ul style="list-style-type: none"> • Suggested revisions adopted • Should fall within generic concept of ‘network security’
111		Liesbet Haustermans	<p>Sub-bullet on “off-the-shelf” – How does “pure installation” create a threat? Views that installation and configuration does not create a threat. On other hand if you customize then it will create threat.</p> <p>Understand how you get to self review threat on first bullet. But sub-bullet 2 onwards – these are usually outsourced managed services where the bigger risk is assuming a mgmt. responsibility. Puzzled to see these in context of just a self review threat. See</p>	See #112

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			<p>biggest risk of taking on management responsibilities. Missing element outsourced managed services.</p> <p>Despite a reminder on mgmt. responsibility in the lead-in of the para, it might achieve the opposite effect because this is to do with SRT, then readers may not realize it could also mgmt. responsibility</p>	
112		Richard Fleck	<p>In response to Liesbet's point on sub-bullets 2 onwards assuming a mgmt. responsibility, notes that AICPA guidance says that these services are a mgmt. responsibility and is prohibited.</p> <p>However the TF didn't want to intervene with the mgmt. responsibility paras.</p> <p>Hence this para is also reminding/emphasizing readers on mgmt. responsibility.</p>	Response to #111
113		Laurie Endsley	<p>Had same concern with Liesbet on sub-bullets 2 onwards, but helped with Richard's explanation.</p>	Noted
114		Brian Friedrich	<p>Sub-bullet on "off-the-shelf" – What is "not significant", "customization"?</p> <p>At a large enterprise level it might not be as relevant. But SMP advise on, install, configure, etc. When they move into customization and not significant it gets tricky.</p>	Noted – which is why the TF has removed concept of 'not significant' and included 'off-the-shelf' with all the other services requiring consideration in accordance with the CF
115	Deletion of 606.6 A1	Saadiya Adam	<p>Why has this paragraph been deleted? Concern that it might send the incorrect message.</p>	TF thought that §606.6 A1 substantially repeats what is already said in §606.4 A1

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116	Overall s606	Gaylen Hansen	CAG would agree with overall verbal suggestion from Rich of eliminating s606 (hence leaving it up to the general SRT provisions in s600). Avoids trying to parse all the different terms and words.	Noted, IESBA members invited to provide their view.
117	900.1	Saadiya Adam	Understand the Link to EIOC – But does this fall into this project?	The TF believes so.
118		Liesbet Haustermans	Remind the TF that when Part 4B was redrafted, the ISAEs were taken and those services were listed them in Part 4B. Not saying that the addition is wrong, but explaining why the sub-bullets don't refer to ESG	See proposed revision
119		Caroline Lee	ESG stands for 'Environmental Social Governance'	See #118
120		Gaylen Hansen	No reason to leave out 'governance'	See #118
121		Paul Thompson	Should 900.1 clarify that we are referring to "assurance engagements other than audit or review of financial statements". (fin stat added). Going forward we can expect a lot of growth in incidence of assurance engagements on NFI	See first sentence of §900.1
122	900.13 A4	Saadiya Adam	Similar to paragraph 606.3 A1 Agree with proposed paragraph	Conformed to §606.3 A1
123		Liesbet Haustermans	<ul style="list-style-type: none"> Problem with A4 and A5 - Why have hosting here under mgmt. responsibility in Part 4B, inconsistent with s400 	Conforms with approach in Sub-section 606 – where it is part of management responsibility. There

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			<ul style="list-style-type: none"> Doesn't belong here - It is also misplaced because of 950.A1 	is no other appropriate location for the point in Part 4B.
124		Hilde Bloome (CAG – AE)	Questioned what the proposed 'hosting' AM in Part 4B means in practice	Care should be taken when providing hosting services to an assurance client (not being an audit or review client)
125	900.13 A5	Saadiya Adam	Similar to paragraph 606.3 A2 Agree with proposed paragraph	Noted
126		Liesbet Haustermans	Also why is it linked to 'assurance engagement'?	No change, as this is with respect to hosting for an assurance engagement referred to in Part 4B.
127	900.14 A1	Sung-Nam Kim	Shouldn't it be 'assurance' [client]?	Corrected
128	920.3 A2	Saadiya Adam	Similar to paragraph 520.3 A2 Agree with proposed paragraph	Noted
129	920.6 A1	Saadiya Adam	Similar to paragraph 520.7 A1 Agree with proposed paragraph	Noted
130		Sung-Nam Kim	The term 'network firm' is not used in sections 905 - 990. Please consider deleting it. To be changed to 'assurance' [client]	Corrected
131	950.5	Saadiya Adam	Similar to paragraph 600.6 Agree with proposed paragraph	Noted
132		Sung-Nam Kim	Sub-bullet (a) - To be changed to 'assurance' [client] Sub-bullet (b) - To be changed to 'assurance' [client]	Corrected
133	950.7 A2	Saadiya Adam	Similar to paragraph 600.9 A2 Agree with proposed paragraph	Noted

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134	950.10 A1	Saadiya Adam	Agree with proposed changes	Noted
135		Sung-Nam Kim	Sub-bullet (c) - The term 'network firm' is not used in sections 905 - 990. Please consider deleting it.	Corrected
136		Liesbet Haustermans	<p>Asks that the TF think about what is the subject matter in this sentence, and what is the subject matter information on which the assurance should be provided, and where is the issue from a SRT perspective. What are you as the practitioner measuring that you are subsequent providing assurance.</p> <p>Ok with the direction, but come up with better drafting based on ISAE 3000.</p> <p>What is missing here is the measuring part. For e.g. measure effectiveness of the internal controls and then provide assurance of it – is subject matter info</p>	See proposed revision. In addition, this paragraph has also been highlighted for IAASB Staff review in the context of ISAE 3000, pending feedback.
137	Definition of Confidential Information	Saadiya Adam	<p>“Not the public domain” – is this the correct level to send this definition?</p> <p>This seems to only consider written information. Given the link to confidentiality – should this not include verbal as well?</p>	See #139
138		Ken Siong	<p>If apply this def to a PA then everything is covered – For e.g., I could be having a social discussion with you and talked about my BBQ then it appears covers with this – struck me as being very broad</p> <p>Suggest rather than saying not in public domain, tie it to 'consent'</p>	See #139

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139		Richard Fleck	<p>Very briefly the problem with Ken’s approach is that it depends on people asking the question is it depends on people asking if it is ok.</p> <p>The proposed definition is the standard way of defining the concept within contracts. Drawing the line is extremely difficult.</p> <p>The working hypothesis of the approach is to establish a threshold – namely that information that is not in the public domain is confidential. Such an approach is consistent with professionalism.</p>	No change
140	Overall	Stavros Thomadakis	<p>Appreciate the robust comments from the Board</p> <p>Requests TF should work on a turnaround draft before December</p>	Noted
141	PIOB overall remarks	Robert Buchanan (IESBA – PIOB observer)	<p>Commend Board for discussion - Depth of discussion reflects inherent complexity</p> <p>Difficult balance between all the Board comments - Translate into Code being clear and explicit and not overly detailed, and not freezing code in point on time.</p> <p>Debate on independence questions is commendable in public interest terms, for e.g. hosting and other IT services</p> <p>Noted outreach that the TF has referenced - Positive on outreach to regulatory bodies.</p>	Noted

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142		Dr. Chen Yugui (CAG – PIOB observer)	Expressed positive sentiment and support for the TF’s proposals to include in the Code that the example that the sale or licensing of technology might create a threat and that the NAS provisions apply.	Noted