



26 April 2017

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The International Ethics Standards Board for Accountants
545 Fifth Avenue, 14th Floor
New York, 10017
United States of America

Dear Members of the International Ethics Standards Board for Accountants

**EXPOSURE DRAFT – PROPOSED REVISIONS PERTAINING TO SAFEGUARDS IN THE CODE –
PHASE 2 AND RELATED CONFORMING AMENDMENTS (THE EXPOSURE DRAFT)**

We note the objective of the International Ethics Standards Board for Accountants (the IESBA) is to serve the public interest by setting high-quality ethics standards for professional accountants worldwide and by facilitating the convergence of international and national ethics standards, including auditor independence requirements, through the development of a robust, internationally appropriate *Code of Ethics for Professional Accountants* (the Code).

We agree with the IESBA that auditors' public interest responsibilities can only be discharged if auditors' ultimately enjoy the trust of the public. That trust can only be gained (and retained) if auditors' are, and are seen to be, independent.

In our view, the Code does not establish the high standard of independence that entitles auditors' to enjoy the trust of the public. And we have expressed this view to the IESBA in previous submissions. Our most recent submission, dated 21 March 2016, discussed the conceptual underpinnings to the term 'acceptable level' in the context of 'safeguards' and in the application of the important 'reasonable and informed third party' test.

The IESBA has decided not to respond to our most recent submission at this time. Whilst we accept that consideration of this and other fundamental matters is not part of the IESBA's current work plan, it is our wish that the IESBA consider if the current setting of the Code is consistent with serving the public interest – hopefully sometime soon.

We have no comments to make on the Exposure Draft.

If you have any questions about our submission, please contact me at roy.glass@oag.govt.nz.

Yours sincerely

Roy Glass
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Office of the Controller and Auditor-General of New Zealand