



The Chairman

International Ethics Standards Board for Accountants  
International Federation of Accountants  
529 Fifth Avenue, 6th Floor  
New York, NY 10017

20 June 2022

**Proposed Technology-related Revisions to the Code**

Dear Sirs:

Assirevi is the association of the Italian audit firms. Its member firms represent the vast majority of the audit firms licensed to audit companies listed on the Italian stock exchange and other public interest entities in Italy, under the supervision of CONSOB (*Commissione Nazionale per le Società e la Borsa*). Assirevi promotes technical research in the field of auditing and accounting and publishes technical guidelines for the benefit of its members. It collaborates with CONSOB, the Italian accounting profession and other bodies in developing auditing and accounting standards.

Assirevi is pleased to submit its comments on the Exposure Draft "*Proposed Technology-related Revisions to the Code*" issued by IESBA on 18 February 2022, as detailed in the enclosed document.

Should you have any queries, please do not hesitate to contact us.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Gianmario Crescentino".

Gianmario Crescentino  
Chairman of Assirevi

(Enclosure)

**COMMENTS ON THE IESBA EXPOSURE DRAFT**  
*Proposed Technology-related Revisions to the Code*  
(February 2022)

Assirevi is pleased to provide its comments on the above-mentioned Exposure Draft. Our Association fully agrees that the Code should be amended to reflect the increased use of technology. Nonetheless, we wish to bring to the attention of the IESBA certain issues arising from the Exposure Draft by way of addressing some general comments, rather than focusing on specific questions.

Firstly, Assirevi believes that it would be appropriate to clarify the rationale underlying the changes introduced by the IESBA.

In fact, for Professional Accountants in Business (when performing professional activities pursuant to the accountant's relationship with the accountant's firm – whether as a contractor, employee or owner) (para. no. 200.4) and Professional Accountants in Public Practice, it is not clear whether the new provisions are aimed at regulating:

- (i) the assessment to be made by the auditor on the effects of the technology used in performing his/her audit activity; or
- (ii) the assessment on the effects of the audit client's technology on the audit opinion.

More specifically, the basis for conclusions should clearly explain how the last two considerations of para. no. 200.6A2 and 300.6A2<sup>1</sup> should be read and applied, in case a Professional Accountant (whether in business or in public practice) conducts an audit or a review of the financial statements.

Assirevi believes that technology developed by an employing organization and/or by the auditor to be used in the context of the audit activities should not be viewed as a matter that might create threats to compliance with the fundamental principles. A different approach would be inconsistent with the existence of an adequate employing organization and/or auditor's internal control system.

---

<sup>1</sup> *"The use of technology is a specific circumstance that might create threats to compliance with the fundamental principles. Considerations that are relevant when identifying such threats when a professional accountant relies upon the output from technology include:  
[...]*

- *Whether the technology incorporates expertise or judgments of the accountant or the employing organization.*
- *Whether the technology was designed or developed by the accountant or employing organization and therefore might create a self-interest or self-review threat."*

It should also be noted that ISA 315R already extensively deals with the topic of risk assessment procedures to be performed by the auditor concerning IT applications and other aspects of the entity's IT environment.

Consequently, it does not seem necessary to address in the Code of Ethics matters concerning the auditor's assessment of an audit client's technology in issuing an audit opinion; rather, the Code should focus on the non-audit services provided by the audit firm's network to the audit client in connection with the IT system of the latter. The focus in Sections 200 and 300 on the fundamental principle in the context of the auditor's approach to the various biases deriving from the interaction with technology may well be understandable, but it is necessary to carefully evaluate that the modifications to the Code do not go beyond the objective being pursued.

As far as Section 600 is concerned, the following issues must be highlighted with reference to the wording used in some provisions.

Subsection 606 (*"Information Technology Systems Services"*) prohibits *"hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility"*. In this respect, Assirevi believes that the wording *"directly or indirectly"* would deserve a clarification. In fact:

- (i) a hosting service per se does not result in assuming a management role. Such role may result from other associated services, for which hosting is just ancillary,
- (ii) if the hosting service refers to another allowed non-audit service (as identified by the IESBA itself), then it should be permitted.

In any case, in Assirevi's view it should be clarified more accurately which type of hosting services may trigger independence issues.

The Exposure Draft uses too generic terms such as *"implementing"*, *"updating"*, *"supporting"* etc. Those kinds of activities must be clearly defined, based on the existing technology best practice: as they are technical in nature, they cannot be indicated in generic terms.

Furthermore, it should also be noted that the perception and understanding of these terms may differ across jurisdictions, and that certain terms may not find a corresponding translation in each jurisdictions. For this reason, and in order to maintain as far as possible a consistent approach, it would be appropriate to provide a definition of these terms.