

15 August 2014

Mr Ken Siong  
Technical Director  
International Ethics Standards Board for Accountants  
529 Fifth Avenue 6<sup>th</sup> Floor  
New York  
NY 10017  
USA

Dear Mr Siong

***Comment Letter Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients***

Crowe Horwath International is delighted to present a comment letter on the *Proposed Changes to Certain Provisions to the Code Addressing Non-Assurance Services for Audit Clients*. Crowe Horwath International is a leading global network of audit and advisory firms, with members in some 118 countries.

We welcome the exposure draft presented by IESBA. Overall, we welcome the proposed revisions to the Code. Overall, the proposed changes make the Code clearer, and assist with understanding and application. We address below the specific matters detailed in the IESBA's request for comments.

***Emergency Provisions***

*1. Are there any situations that warrant retention of the emergency exceptions pertaining to bookkeeping and taxation services?*

In principle, we agree with IESBA's proposal to withdraw the "emergency exception". However, in many jurisdictions relatively small entities, including not for profit organisations, fall within the adopted definition of "public interest entity". Situations do arise when such organisations will look to their audit firm for short-term emergency support, and for practical purposes, the audit firm is the only realistic service provider.

In their final deliberations, IESBA should reflect upon how the PIE definition is applied in practice, and consider whether the revised Code can accommodate the circumstances of small PIEs.

## **Management Responsibilities**

*2. Does the change from “significant decisions” to “decisions” when referring to management responsibilities (paragraph 290.162) enhance the clarity of a management responsibility?*

The revised paragraph 290.162 is clearer than the previous text. The change from “significant decisions” to “decisions” eliminates the risk of ambiguity or debate as to the meaning of “significant”.

*3. Are the examples of management responsibilities in paragraph 290.163 appropriate?*

The list of management responsibilities is appropriate, but in the interests of clarity, IESBA may wish to strengthen the emphasis that this is a list of “examples”.

*4. Are there any challenges in understanding and applying the prerequisite set out in paragraph 290.165 for non-assurance services that should be considered?*

The message of paragraph 290.165 is clear and understandable.

*5. Will the enhanced guidance assist engagement teams to better meet the requirement of not assuming a management responsibility?*

The language in the Code is clearer and more direct. It should assist engagement teams in meeting the requirements of the Code with regard to non-assurance services.

*6. Does the relocation of the guidance pertaining to administrative services into its own subsection provide greater clarity?*

The guidance is clear and well presented.

## **Routine or Mechanical**

*7. Does the proposed guidance on “routine or mechanical” clarify the term, or is additional guidance needed?*

The proposed guidance is generally clear and helps clarify the understanding of “routine and mechanical”.

*8. Is the meaning and identification of source documents sufficiently clear, taking into account documents that may be generated by software?*

It would be helpful if further examples of “routine documents” were given.

## **Section 291**

*9. Do the changes proposed to Section 291, specifically the additional requirements to proposed paragraph 291.146, enhance the clarity of a management responsibility?*

Management responsibility is clearly expressed by the proposed changes.

*10. Are the examples of management responsibilities in paragraph 291.144 appropriate?*

The list of management responsibilities is appropriate, but in the interests of clarity, IESBA may wish to strengthen the emphasis that this is a list of “examples”.

*11. Does the relocation of the guidance pertaining to administrative services provide greater clarity?*

The guidance is clear and well presented.

We trust that our comments assist the IESBA in their revision of the Code. We shall be pleased to discuss our comments further with you.

Kind regards

Yours sincerely

A handwritten signature in black ink, appearing to read "David Chitty". The signature is written in a cursive, flowing style.

David Chitty  
International Accounting and Audit Director