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9 March 2017

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

***Exposure Draft Proposed Revisions Pertaining to Safeguards in the Code—Phase 2 and Related Conforming Amendments***

Crowe Horwath International is delighted to present a comment letter on the Exposure Draft *Proposed Revisions Pertaining to Safeguards in the Code—Phase 2 and Related Conforming Amendments*. Crowe Horwath International is a leading global network of audit and advisory firms, with members in some 129 countries.

In general, we welcome the proposals made by IESBA. The proposals are clear and in most respects make sense.

We address the specific matters detailed in the IESBA's request for comments in the appendix to this letter.

We trust that our comments assist the IESBA in this project. 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".

David Chitty  
International Accounting and Audit Director

**Appendix – Response to Request for Specific Comments *Proposed Revisions Pertaining to Safeguards in the Code—Phase 2 and Related Conforming Amendments***

<b>Question</b>	<b>Response</b>
<i>Section 600, Provision of Non-Assurance Services to an Audit Client</i>	
<p>1. Do respondents support the proposals in Section 600? If not, why not?</p> <p>In particular, do respondents agree with the proposal to extend the scope of the prohibition on recruiting services as described in paragraph 26(h) above to all audit client entities? If not, please explain why.</p>	<p>We generally support the proposals in Section 600.</p> <p>With respect to paragraph 21 in the Explanatory Memorandum, definitions should be consistent between all standard setters. If not, there is the risk of misunderstandings in practice. If necessary, IESBA has to create new terms, not try and use alternative meanings for established terms in IAASB standards.</p> <p>The summaries in paragraph 26 about the revisions relating to specific NAS are clear. Adding a subsection on “administrative services” is sensible. We would question whether it is right for an audit firm to provide corporate secretarial services to a PIE audit client.</p> <p>We note the discussion presented in paragraph 26 (h). There is a case for extending the prohibition on recruitment to cover all entities. The discussion notes that some SMPs have questioned this.</p> <p>However, we question whether the proposed extension is necessary. Safeguards could be developed, such as involving professionals who have no connection with the audit engagement now or in the future.</p> <p>It would be helpful if IESBA could cite examples of failings that have arisen from the existing approach. We could be persuaded to change our view in light of such examples. If examples cannot be given then we question whether the change is required.</p>
<i>Section 950, Provision of Non-Assurance Services to an Assurance Client</i>	
<p>2. Do respondents support the proposals in Section 950? If not, why not?</p>	<p>We support the proposals in Section 950.</p>
<i>Examples of Safeguards</i>	
<p>3. Do respondents have suggestions for other actions that might be safeguards in the NAS and other sections of the Code that would meet the revised description of a</p>	<p>Reference could be made to the use of independent external consultants as a safeguard measure for certain of the activities recorded in the Code. This will particularly relevant to some small and</p>

safeguard?	<p>medium practices, where access to appropriate qualified and experience independent internal expertise might be limited.</p> <p>For example, an independent external consultant could review accounting or bookkeeping work (601), valuation work (603), certain taxation work (604), and corporate finance services (610)</p>
<i>Conforming Amendments Arising from the Safeguards Project</i>	
<p>4. Do respondents agree with proposed conforming amendments set out in:</p> <p>(a) Chapter 2 of this document.</p> <p>(b) The gray text in Chapters 2–5 of Structure ED-2.</p>	We agree with the proposed conforming amendments.
5. Respondents are asked for any comments on any other matters that are relevant to Phase 2 of the Safeguards project.	We have no other comments.