

April 21, 2017

Mr. Ken Siong
Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue
New York, NY 10017 USA

Dear Mr. Siong:

Re: January 2017 Exposure Draft, *Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice*

I am writing on behalf of the Public Trust Committee (PTC) of the Chartered Professional Accountants of Canada (CPA Canada) in response to your request to comment on the Exposure Draft entitled *Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice* (“the Exposure Draft”).

CPA Canada is the national body of Canada’s accounting profession, with more than 200,000 members both at home and abroad. The Canadian CPA designation was created with the unification of three legacy accounting designations (CA, CGA, and CMA).

CPA Canada conducts research into current business issues and supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government. It issues guidance on control and governance, publishes professional literature, develops continuing education programs and represents the Canadian CPA profession nationally and internationally. The PTC is responsible for overseeing the regulatory structures and processes across provincial jurisdictions in Canada. The PTC’s goals include achieving consistency between the provincial CPA bodies in Canada and ensuring that the processes and standards in Canada meet or exceed the international standards.

Thank you for the opportunity to provide our comments on this Exposure Draft. We noted through our profession’s consultation, the considerable expectations and difficulty in consuming and responding to several exposure drafts and related documents simultaneously. Having said this, we also recognize the workload involved in the IESBA’s estimated timetable to finalize a newly restructured Code for adoption in 2019. Respectfully, however, we suggest that extending longer comment periods when multiple exposure drafts are issued would enhance the ability of accounting bodies to conduct meaningful consultations with stakeholders, increase efficiency and enable more thorough responses.

Overall, we found that the proposed revisions were consistent with the clearly articulated rationale presented in the Explanatory Memorandum. However, the subject of this Exposure Draft and the need to clarify applicability between Parts of the Code became a focus of feedback that we received. It was generally noted through our discussions that while the current structure of the Code utilizing roles has some notable benefits, it also has limitations that should warrant additional exploration. Several respondents to our consultation advocated for Parts B and C of the Code to be consolidated with provisions applicable to all Professional Accountants (PAs) provided only once in a general section applicable to all. Further delineation could then be provided for additional provisions with specific scope and relevance to only Professional Accountants in Business (PAIBs) or Professional Accountants in Public Practice (PAPPs).

Please find below our responses to the requested matters for input from Respondents as outlined in the Explanatory Memorandum's Guide for Respondents.

Request for Specific Comments:

1. Do respondents agree with:

a) The proposed applicability paragraphs; and

Overall, we generally agreed with the applicability paragraphs given the rationale clearly provided in the Explanatory Memorandum. However, it was noted that the Requirements have been drafted with a narrow context, consistent with the rationale presented, and that this does not consider other areas of Part C that may have possible relevance for a Professional Accountant in Public Practice performing services on behalf of a client such as Section 320 *Preparation and Presentation of Information*. Generally, it was observed that this is symptomatic of using roles of Professional Accountants to identify distinct Parts of the Code where identical and possibly relevant sections do not appear within each Part.

We believe that the example provided in proposed 120.4 A1 and 300.5 A1 would be improved by replacing “which might impact the partner’s remuneration” with “or performance”. This would reflect the view that pressure may be exerted for reasons that are beyond the partner’s remuneration and may more broadly result from concerns about engagement profitably or performance.

b) The proposed location of those paragraphs in Sections 120 and 300 of the proposed restructured Code.

Generally, we agreed with the suggested locations for the proposed applicability paragraphs consistent with the rationale provided in the Explanatory Memorandum. However, again, it was observed that these proposed locations were symptomatic of using roles to identify distinct Parts of the Code where identical and possibly relevant sections do not appear within each Part. It was also observed that repeating some sections in different parts of the Code may create an expectation and an inherent reliance by users of the Code that important

sections will be repeated. Such reliance could occur irrespective of any assessment made by IESBA as to the length of the material to be repeated which was a consideration made in the instant case, such that users may anticipate the same reinforcement in other current or future Parts and Sections of the Code.

We also received input that noting the paragraphs regarding the applicability of Part C to PAPPs may be well placed in the Table of Contents and respective Introductions to ensure that it is “front and center” for users.

Request for General Comments

Small and Medium Practices (SMPs)

We believe that the overall size of the Code may be a concern for SMPs and we note that the proposed applicability paragraphs could draw extra attention to the effort required in using the Code as structured based on roles.

Regulators and Audit Oversight Bodies

In considering the proposed applicability paragraphs, we noted some regulatory and possible enforceability considerations such as the requirements upon members who are both PAIBs and also operating part-time public practices. It was acknowledged that the changing dynamics of the workplace and the profession will likely see more members in the future holding both “roles”. It was observed that using a Code based on roles may be challenging in such circumstances and the question was raised as to whether requirements that are different but appear in both Parts B and C, such as Conflicts of Interest, could create unique situations for the PA who has more than one role.

Further to the above, it was noted that future electronic features of the Code should be utilized to ensure that members are clear on which particular Part of the Code is being accessed when they reference a subject, for example Conflicts of Interest, that appears in more than one Part of the Code but is uniquely different.

We thank you for the opportunity to comment on this Exposure Draft and appreciate that further revisions to the applicability proposals may occur through the feedback provided by stakeholders.

Yours truly,



Brian Friedrich, FCPA, FCGA
Chair, Exposure Draft Working Group – Public Trust Committee
CPA Canada