



**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

HEAD OFFICE

April 25, 2017

(Submitted electronically)

Technical Director
International Ethics Standards Board for Accountants
529, Fifth Avenue, 6th Floor,
New York, USA

**PROPOSED REVISIONS PERTAINING TO SAFEGUARDS IN THE CODE - PHASE 2 AND RELATED
CONFORMING AMENDMENTS**

The Institute of Chartered Accountants of Pakistan is pleased to comment on the Exposure Draft '*Proposed revisions pertaining to Safeguards in the Code - Phase 2 and related Conforming Amendments*' (the ED), published by International Ethics Standards Board for Accountants (the IESBA) on January 24, 2017.

Our responses detailed by the questions contained in the ED, are presented in the appendix to this letter. We hope our comments are helpful to the IESBA's deliberation on the ED.

Should you require further clarification on our comments, please contact the undersigned, at sohail.malik@icap.org.pk

Yours truly

Sohail Malik
Director
Technical Services

(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)

Chartered Accountants Avenue, Clifton, Karachi-75600 (Pakistan). Ph: (92-21) 111-000-422, Fax: 99251626

Website: www.icap.org.pk, E-mail: info@icap.org.pk



CONTINUED

Appendix

ICAP COMMENTS ON EXPOSURE DRAFT

PROPOSED REVISIONS PERTAINING TO SAFEGUARDS IN THE CODE-PHASE 2 AND RELATED CONFORMING AMENDMENTS

Specific Questions asked	ICAP Comments / Responses
<p>Q1). 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 25(h) above to all audit client entities? If not, please explain why.</p>	<p>We support the overall proposals in section 600 as these provide clarification to the safeguards in the NAS sections of the Code and, more broadly, enhance the requirements to address threats created by providing NAS to audit clients.</p> <p>With generally agree with the proposal to extend the scope of the prohibition on recruiting services as described in paragraph 25(h) to all audit client entities, as the safeguards may not be capable of reducing self-interest or familiarity threats created. However, we wish to highlight that in Pakistan jurisdiction scenario, the proposed prohibition on recruiting services could impact the Small-sized entities (SSEs), as these entities have limited resources and staff to recruit director and/or senior management personnel. Currently, many SMPs are providing recruiting services to their SSE audit clients, and the proposed prohibition would also affect SMP businesses.</p>
<p>Q2). Do respondents support the proposals in Section 950? If not, why not?</p>	<p>We support the revisions made in section 950 as most of the enhancements are similar to section 600.</p>
<p>Q3). 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 safeguard?</p>	<p>No comments.</p>
<p>Q4). Do respondents agree with proposed conforming amendments set out in: (a) Chapter 2 of this document. (b) The grey text in Chapters 2–5 of Structure ED-2.</p>	<p>We agree with the conforming amendments set out in Chapter 2 of this ED and grey text in Chapters 2–5 of Structure ED-2, as these mainly relate to elimination of duplicated text, use of consistent words/ terminologies and revision of safeguards.</p>
<p>Q5). Respondents are asked for any comments on any other matters that are relevant to Phase 2 of the Safeguards project.</p>	<p>No comments.</p>