

9 January 2020

Submitted electronically to:

<https://www.ifac.org/exposure-draft/submit-comment?exposure-draft=278408>

Mr Willie Botha
Technical Director
International Auditing and Assurance Standards Board
529 Fifth Avenue
New York
10017 USA

Dear Willie

Comments on the IAASB's Exposure Draft on the Proposed *Conforming Amendments to the IAASB International Standards as a Result of the Revised IESBA Code*

The Independent Regulatory Board for Auditors (IRBA) is both the audit regulator and the national auditing standard setter in South Africa. Its statutory objectives include the protection of the public by regulating audits performed by registered auditors; and the promotion of investment and employment in South Africa.

In 2005, the IRBA (then known as the Public Accountants' and Auditors' Board) adopted the entire suite of the International Auditing and Assurance Standards Board (IAASB) pronouncements for use in South Africa. We continue to support and are committed to the effective and consistent implementation of the IAASB's International Standards on Auditing (ISAs) in South Africa.

The IRBA also adopted amendments to the International Ethics Standards Board for Accountants' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), issued during 2018, following the issue of proposed amendments on exposure in South Africa. As a result, the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code) is in line with the IESBA Code, together with South African enhancements.

We appreciate this opportunity to comment on the IAASB's Exposure Draft on proposed *Conforming Amendments to the IAASB International Standards as a Result of the Revised IESBA Code*.

The comments are presented under the following sections:

- A. Request for specific comments; and
- B. Appendix 1: Editorial Comments.

Kindly e-mail us at ssikhakhane@irba.co.za, or phone directly on +27 87 940 8852, if further clarity is required on any of our comments.

Yours faithfully,

Signed electronically

Imran Vanker
Director: Standards

Sanele Sikhakhane
Technical Assistant: Standards

A. REQUEST FOR SPECIFIC COMMENTS

Question 1

Whether respondents believe the proposed limited amendments are sufficient to resolve actual or perceived inconsistencies between the IAASB's International Standards and the changes made by IESBA in issuing the revised IESBA Code.

1. We appreciate and support the efforts to continuously coordinate topics of mutual interest between the IAASB and the IESBA. We believe that the proposed limited amendments will ensure that the IAASB's International Standards and the IESBA Code are able to operate without confusion. In turn, we are convinced that this will ensure ease of use of both the IAASB's International Standards and the IESBA Code by the relevant stakeholders.
2. We believe that the proposed limited amendments to the IAASB's International Standards are mainly aimed at reflecting the following:
 - a. Structural changes to, and the applicability of, the IESBA Code;
 - b. Proposed amendments to the framework for addressing threats to compliance with the fundamental principles to the IESBA Code;
 - c. Updates to the title of the IESBA Code; and
 - d. Proposed amendments to align with terminology used in the IESBA Code.

These proposed limited amendments are necessary and sufficient to resolve actual or perceived inconsistencies between the IAASB's International Standards and the changes made by the IESBA in issuing the revised IESBA Code.

3. We support the IAASB's view that the proposed limited amendments are relatively minor or editorial in nature; or are changes only to reflect existing obligations under the revised IESBA Code.
4. However, we have identified editorial inconsistencies between the proposed changes to the IAASB's International Standards in the Exposure Draft and the IESBA Code. We have included our suggested editorial changes as Appendix 1: Editorial Comments.

Question 2

Whether respondents believe that the proposed effective date of approximately 90 days after the approval of the due process by the Public Interest Oversight Board is appropriate.

5. We believe that the proposed effective date is appropriate. In addition, our view is that the proposed effective date would help avoid prolonging the non-alignment between the IAASB's International Standards and the revised IESBA Code.

6. As such, we believe that a longer effective date is unnecessary, especially given the limited nature of the amendments proposed and the fact that the conforming amendments do not create any new obligations, and the IESBA Code is already effective. We also believe that early adoption should be encouraged.

B. APPENDIX 1: EDITORIAL COMMENTS

The recommended editorial changes are denoted as 'insertions' underlined and 'deletions' ~~struck-through~~ in red.

Pervasive editorial comment

1. We support the IAASB's *Category 2: Proposed amendments to the framework for addressing threats to compliance with the fundamental principles* (Category 2 proposed amendments), to align the wording with the IESBA Code, particularly the conceptual framework, which requires the professional accountant to identify, evaluate, and address threats (by either eliminating the circumstances that create the threat, applying safeguards (where available and capable of being applied), or declining or ending the specific professional activity). However, we have noted inconsistencies in the wording and the "flow" used in the proposed changes to the IAASB's International Standards and the IESBA Code when referring to addressing threats. For example:

Inconsistent wording used in the proposed changes to the IAASB's International Standards

Example 1: Proposed changes to ISQC 1 paragraph 21 (refer to page 15 of the ED)

"... eliminating the circumstances that create the threat, applying safeguards, or withdrawing from the engagement, ~~safeguards, or, if considered appropriate, to withdraw from the engagement,~~ where withdrawal is possible under applicable law or regulation."

Example 2: Proposed changes to ISQC 1 paragraph 25 (refer to page 18 of the ED)

"... Eliminating the threat or ~~S~~setting out criteria for applying ~~determining the need for~~ safeguards to reduce the threat..."

Flow of words used in the proposed changes to the IAASB’s International Standards (depicted in Example 1 and Example 2 below)

<p>Example 1: Proposed changes to ISQC 1 paragraph 21 (refer to page 15 of the ED)</p>	<p>Example 2: Proposed changes to IAS 260 (Revised) paragraph A30 (refer to page 70 of the ED)</p>
<p>“... <u>eliminating the circumstances that create the threat, applying safeguards, or withdrawing from the engagement, safeguards, or, if considered appropriate, to withdraw from the engagement,</u> where withdrawal is possible under applicable law or regulation.”</p>	<p>“and <u>how threats to independence that are not at an acceptable level have been addressed safeguards to be communicated,</u> varies with the circumstances of the engagement <u>and generally addresses the threats to independence, safeguards to reduce the threats, and measures to eliminate threats,</u> but generally address:...”</p>

- We suggest that the wording and the flow from paragraph **R120.10** of the IESBA Code be used when considering all Category 2 proposed amendments to the IAASB’s International Standards. These changes will ensure that there is consistency with the wording and flow used in the IESBA Code, and that will avoid confusion.

Other editorial comments

IAASB’s Exposure Draft				IRBA’s Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
9	Glossary	<p><i>Independence</i>¹⁶ — Comprises:</p> <p>(a) Independence of mind—the state of</p>	<p><i>Independence</i>¹⁶ —Comprises:</p> <p>(a) Independence of mind—the state of mind that permits the <u>expression</u> provision of an opinion without being affected by</p>	<p>We recommend that the IAASB should include a comma after the word “members”. We believe that this will ensure consistency with the independence definition in the IESBA Code.</p>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism.</p> <p>(b) Independence in appearance—the avoidance of facts and circumstances that are so significant a reasonable and informed third party,</p>	<p>influences that compromise professional judgment, <u>thereby</u> allowing an individual to act with integrity, and exercise objectivity and professional skepticism.</p> <p>(b) Independence in appearance—the avoidance of facts and circumstances that are so significant <u>that</u> a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would <u>be likely to reasonably</u> conclude <u>that</u> a firm's or a member of the <u>an audit or</u> assurance team 's member's integrity, objectivity or professional skepticism <u>has</u> been compromised.</p> <p>16 As defined in the IESBA Code of Ethics for Professional Accountants <u>(including International Independence Standards)</u> (IESBA Code)</p>	<p>...</p> <p>(b) Independence in appearance—the avoidance of facts and circumstances that are so significant <u>that</u> a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would <u>be likely to reasonably</u> conclude <u>that</u> a firm's or a member of the <u>an audit or</u> assurance team 's member's integrity, objectivity or professional skepticism <u>has</u> been compromised.</p> <p>16 As defined in the IESBA Code of Ethics for Professional Accountants <u>(including International Independence Standards)</u> (IESBA Code)</p>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>having knowledge of all relevant information, including any safeguards applied, would reasonably conclude a firm's, or a member of the assurance team's, integrity, objectivity or professional skepticism had been compromised.</p> <p>16 As defined in the IESBA <i>Code of Ethics for Professional Accountants</i></p>		
12	Glossary (Refer also to Standards	<i>Relevant ethical requirements—Ethical requirements to which the engagement team and</i>	<i>Relevant ethical requirements (in the context of ISQC 1)—Ethical requirements to which the engagement team and engagement quality control reviewer are subject <u>when undertaking audits or</u></i>	We recommend that the IAASB removes the duplicated "I", as illustrated below. ... <i>Relevant ethical requirements (in the context of</i>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
	that contain this definition)	engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code) together with national requirements that are more restrictive. In the context of ISRE 2400 (Revised), relevant ethical requirements are defined as the ethical requirements the engagement team is subject to when undertaking review engagements. These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for	<p><u>reviews of financial statements, or other assurance or related services engagements</u>, which ordinarily comprise <u>the provisions of the Parts A and B of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants</i> (including <i>International Independence Standards</i>) (IESBA Code)</u> together with national requirements that are more restrictive.</p> <p><u>Relevant ethical requirements (in the context of the ISAs)—Ethical requirements to which the engagement team and engagement quality control reviewer are subject when undertaking an audit engagement, which ordinarily comprise the provisions of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants</i> (including <i>International Independence Standards</i>) (IESBA Code) related to an audit of financial statements, together with national requirements that are more restrictive.</u></p>	<p>ISRS 4410 (Revised), relevant ethical requirements are defined as the ethical requirements to which the engagement team is subject to when undertaking a compilation engagements, which These requirements ordinarily comprise Parts A and B of the provisions of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants</i> (including <i>International Independence Standards</i>) (IESBA Code) (excluding Section 290, <i>Independence—Audit and Review Engagements</i>, and Section 291, <i>Independence—Other Assurance Engagements</i> in Part B) related to compilation engagements, together with national requirements that are more restrictive.</p>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>Accountants' <i>Code of Ethics</i> for <i>Professional Accountants</i> (IESBA Code), together with national requirements that are more restrictive. In the context of ISRS 4410 (Revised), relevant ethical requirements are defined as the ethical requirements the engagement team is subject to when undertaking compilation engagements. These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of Ethics</i> for <i>Professional Accountants</i> (IESBA Code) (excluding Section 290, <i>Independence—Audit and</i></p>	<p><u>Relevant ethical requirements (In the context of ISRE 2400 (Revised))</u>, relevant ethical requirements are defined as the ethical requirements to which the engagement team is subject to when undertaking a review engagements, which. These requirements ordinarily comprise <u>the provisions of Parts A and B of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) related to a review of financial statements,</u> together with national requirements that are more restrictive.</p> <p><u>Relevant ethical requirements (In the context of ISRS 4410 (Revised))</u>, relevant ethical requirements are defined as the ethical requirements to which the engagement team is subject to when undertaking a compilation engagements, which These requirements ordinarily comprise Parts A and B of the</p>	

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<i>Review Engagements</i> , and Section 291, <i>Independence—Other Assurance Engagements</i> in Part B), together with national requirements that are more restrictive.	<u>provisions of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code)</u> (excluding Section 290, <i>Independence—Audit and Review Engagements</i>, and Section 291, <i>Independence—Other Assurance Engagements</i> in Part B) , <u>related to compilation engagements</u> , together with national requirements that are more restrictive.	
49	ISA 220 Paragraph A6	The engagement partner may identify a threat to independence regarding the audit engagement that safeguards may not be able to eliminate or reduce to an acceptable level. In that case, as required by paragraph 11(c), the engagement partner reports to the relevant person(s)	The engagement partner may identify a threat to independence regarding the audit engagement that safeguards may not be able to eliminate or reduce to an acceptable level. In that case, as required by paragraph 11(c), the engagement partner reports to the relevant person(s) within the firm to determine <u>the</u> appropriate action, which may include eliminating the <u>circumstance that is creating activity or interest that creates</u> the threat, or withdrawing from the audit engagement, where withdrawal is possible under applicable law or	We recommend that wording used in the IAASB's International Standards be consistent with the wording used in the IESBA Code, as illustrated below. The engagement partner may identify a threat to independence regarding the audit engagement that safeguards may not be able to eliminate or reduce to an acceptable level. In that case, as required by paragraph 11(c), the engagement partner reports to the relevant person(s) within the

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		within the firm to determine appropriate action, which may include eliminating the activity or interest that creates the threat, or withdrawing from the audit engagement, where withdrawal is possible under applicable law or regulation.	regulation.	firm to determine <u>the</u> appropriate action, which may include eliminating the <u>circumstance that is creating creates</u> activity or interest that creates the threat, or withdrawing from the audit engagement, where withdrawal is possible under applicable law or regulation.
51	ISA 220 Paragraph A9	Law, regulation, or relevant ethical requirements ⁷ may require the auditor to request, prior to accepting the engagement, the predecessor auditor to provide known information regarding any facts or circumstances that, in the predecessor auditor's judgment, the auditor	<p>7 See, for example, <u>paragraph R320.8 Sections 210.14</u> of the IESBA Code.</p> <p>8 See, for example, <u>paragraph R360.22 Sections 225.31</u> of the IESBA Code.</p>	<p>Section 225.31 has been split between paragraphs R360.22 and R360.23 in the revised IESBA Code. We therefore recommend that the correct references be used in the IAASB's International Standards.</p> <p>7 See, for example, <u>paragraph R320.8 Sections 210.14</u> of the IESBA Code.</p> <p>8 See, for example, <u>paragraphs R360.22 and R360.23 Sections 225.31</u> of the IESBA Code.</p>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>needs to be aware of before deciding whether to accept the engagement. In some circumstances, the predecessor auditor may be required, on request by the proposed successor auditor, to provide information regarding identified or suspected non-compliance with laws and regulations to the proposed successor auditor. For example, where the predecessor auditor has withdrawn from the engagement as a result of identified or suspected non-compliance with laws and regulations, the IESBA</p>		

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>Code requires that the predecessor auditor, on request by a proposed successor auditor, provides all such facts and other information concerning such non-compliance that, in the predecessor auditor's opinion, the proposed successor auditor needs to be aware of before deciding whether to accept the audit appointment.⁸</p> <p>7 See, for example, Sections 210.14 of the IESBA Code.</p> <p>8 See, for example, Sections 225.31 of the IESBA Code.</p>		

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
71	ISA 260 (Revised) Paragraph A31	Relevant ethical requirements or law or regulation may also specify particular communications to those charged with governance in circumstances where breaches of independence requirements have been identified. For example, the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) requires the auditor to communicate with those charged with governance in writing about any breach and the	<p>Relevant ethical requirements or law or regulation may also specify particular communications to those charged with governance in circumstances where breaches of independence requirements have been identified. For example, the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) requires the auditor to communicate with those charged with governance in writing about any breach and the action the firm has taken or proposes to take.²⁵</p> <p>²⁵ See, for example, paragraphs R400.81, R400.82 and R400.84 Section 290.39–49 of the IESBA Code, which addresses breaches of independence.</p>	<p>Section 290.39–49 has been replaced by paragraphs R400.80–R400.82 in the revised IESBA Code. We therefore recommend that the correct references be used in the IAASB's International Standards.</p> <p>Relevant ethical requirements or law or regulation may also specify particular communications to those charged with governance in circumstances where breaches of independence requirements have been identified. For example, the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) requires the auditor to communicate with those charged with governance in writing about any breach and the action the firm has taken or proposes to take.²⁵</p> <p>²⁶ See, for example, paragraphs R400.81, R400.80–R400.82 and R400.84 Section 290.39–49 of the IESBA Code, which addresses breaches of independence.</p>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>action the firm has taken or proposes to take.²⁵</p> <p>25 See Section 290.39–49 of the IESBA Code, which addresses breaches of independence.</p>		
81	ISA 610 (Revised 2013) Paragraph A14	In addition, the IESBA Code ¹⁷ states that a self-review threat is created when the external auditor accepts an engagement to provide internal audit services to an audit client, and the results of those services will be used in conducting the audit. This is because of the possibility that the engagement team will use the results of the internal audit service without properly evaluating	<p>17 The International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code), <u>paragraph 605.4 A3</u> Section 290.194</p> <p>18 IESBA Code, <u>paragraphs R605.1–R605.5</u> Section 290.190–290.195</p>	<p>Section 290.194 has been replaced by paragraph 605.4 A2 in the revised IESBA Code. We therefore recommend that the correct reference be used in the IAASB's International Standards.</p> <p>17 The International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code), <u>paragraph 605.4 A3</u> 605.4 A2 Section 290.194</p> <p>18 IESBA Code, <u>paragraphs R605.1–R605.5</u> Section 290.190–290.195</p>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>those results or without exercising the same level of professional skepticism as would be exercised when the internal audit work is performed by individuals who are not members of the firm. The IESBA Code¹⁸ discusses the prohibitions that apply in certain circumstances and the safeguards that can be applied to reduce the threats to an acceptable level in other circumstances.</p> <p>17 The International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code), Section 290.194</p> <p>18 IESBA Code, Section</p>		

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		290.190–290.195		
105	ISRE 2400 (Revised) Paragraph A88	<p>The practitioner may have additional responsibilities under law, regulation or relevant ethical requirements regarding an entity's non-compliance with laws and regulations, including fraud, which may differ from or go beyond this ISRE, such as:</p> <p>(a) Responding to identified or suspected non-compliance with laws and regulations, including requirements in relation to specific communications with management and those charged with</p>	<p>11 See, for example, Sections 225.44–225.48 paragraphs R360.29–360.40 A1 of the IESBA Code.</p>	<p>Section 225.44–225.48 has been replaced by paragraphs R360.31–R360.35 A1 in the revised IESBA Code. We therefore recommend that the correct reference be used in the IAASB's International Standards.</p> <p>11 See, for example, Sections 225.44–225.48 paragraphs R360.29–360.40 A1 <u>R360.31–R360.35 A1</u> of the IESBA Code.</p>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>governance and considering whether further action is needed;</p> <p>(b) Communicating identified or suspected non-compliance with laws and regulations to an auditor, for example a group engagement partner;¹¹ and</p> <p>(c) Documentation requirements regarding identified or suspected non-compliance with laws and regulations.</p> <p>Complying with any additional responsibilities may provide further information that is relevant to the practitioner's work</p>		

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>in accordance with this ISRE (e.g., regarding the integrity of management or, where appropriate, those charged with governance).</p> <p>11 See, for example, Sections 225.44–225.48 of the IESBA Code.</p>		
118	ISAE 3000 (Revised) Paragraph A32	<p>Part B of the IESBA Code describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including:</p> <ul style="list-style-type: none"> • Professional appointment; • Conflicts of interest; 	<p>Part B of <u>The IESBA Code sets out requirements and application material on various topics</u> describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including:</p> <ul style="list-style-type: none"> • Professional appointment; • Conflicts of interest; • <u>Professional appointment;</u> 	<p>Part B of <u>The IESBA Code sets out requirements and application material on various topics</u> describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including:</p> <ul style="list-style-type: none"> • Professional appointment; • Conflicts of interest; • <u>Professional appointment;</u>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<ul style="list-style-type: none"> • Second opinions; • Fees and other types of remuneration; • Marketing professional services; • Gifts and hospitality; • Custody of client assets; • Objectivity; and • Independence. 	<ul style="list-style-type: none"> • Second opinions; • Fees and other types of remuneration; • Marketing professional services; • <u>Inducements, including gGifts and hospitality;</u> • Custody of client assets; • <u>Responding to non-compliance with laws and regulations;</u> • Objectivity; and • Independence. 	<ul style="list-style-type: none"> • Second opinions; • Fees and other types of remuneration; • Marketing professional services; • <u>Inducements, including gGifts and hospitality;</u> • Custody of client assets; and • <u>Responding to non-compliance with laws and regulations;</u> • Objectivity; and • Independence.
135	ISAE 3402 Paragraph A53	Appropriate actions to respond to the circumstances identified in paragraph 56, unless prohibited by law or	36 See, for example, <u>paragraphs R360.29 to R360.340 A1</u> Section 225.44 to 225.48 of the IESBA Code.	Section 225.44–225.48 has been replaced by paragraphs R360.31–R360.35 A1 in the revised IESBA Code. We therefore recommend that the correct reference be used in the IAASB's

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>regulation, may include:</p> <ul style="list-style-type: none"> • Obtaining legal advice about the consequences of different courses of action. • Communicating with those charged with governance of the service organization. • Determining whether to communicate with third parties (e.g., law, regulation or relevant ethical requirements may require the service auditor to report to 		<p>International Standards.</p> <p>36 See, for example, paragraphs R360.29-360.40 A1 R360.31-R360.35 A1 Section 225.44 to 225.48 of the IESBA Code.</p>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>an appropriate authority outside the entity or the external auditor of the service organization,³⁶ or establish responsibilities under which such reporting may be appropriate in the circumstances).</p> <ul style="list-style-type: none"> • Modifying the service auditor's opinion, or adding an Other Matter paragraph. • Withdrawing from the engagement. <p>³⁶ See, for example, Section 225.44 to 225.48 of the</p>		

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		IESBA Code		
143	ISAE 3420 Paragraph A10	<p>The IESBA Code requires the practitioner to maintain appropriate professional knowledge and skill, including an awareness and understanding of relevant technical, professional and business developments, in order to provide competent professional service.⁷ In the context of this requirement of the IESBA Code, relevant capabilities and competence to perform the engagement also include matters such as the following:</p> <ul style="list-style-type: none"> • Knowledge and 	<p>The IESBA Code requires the practitioner to <u>comply with the principle of professional competence and due care by attaining and maintaining appropriate professional knowledge and skill, including an awareness and understanding of relevant technical, professional and business developments</u>, in order to provide competent professional service, <u>based on current technical and professional standards and relevant legislation and to act diligently in accordance with such professional standards and legislation</u>.⁷ In the context of this requirement of the IESBA Code, relevant capabilities and <u>professional competence</u> to perform the engagement also may include matters such as the following:</p> <p>....</p> <p>⁷ IESBA Code, paragraphs R113.1 130.1–130.3</p>	<p>We recommend that wording used in the IAASB's International Standards be consistent with the wording used in the IESBA Code, as illustrated below.</p> <p>The IESBA Code requires the practitioner to <u>comply with the principle of professional competence and due care by attaining and maintaining appropriate professional knowledge and skill, including an awareness and understanding of relevant technical, professional and business developments</u>, in order to provide competent professional service, <u>based on current technical and professional standards and relevant legislation and to act acting diligently in accordance with such professional standards and legislation</u>.⁷ In the context of this requirement of the IESBA Code, relevant capabilities and <u>professional competence</u> to perform the engagement also may include</p>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>experience of the industry in which the entity operates;</p> <ul style="list-style-type: none"> An understanding of the relevant securities laws and regulations and related developments; An understanding of the listing requirements of the relevant securities exchange and of capital market transactions such as mergers, acquisitions and securities offerings; Familiarity with the 		<p>matters such as the following:</p> <p>....</p> <p>7 IESBA Code, paragraphs <u>R113.1</u> 130.1–130.3</p>

IAASB's Exposure Draft				IRBA's Comments
Page No.	Standard	Extant Paragraphs	Proposed Change	
		<p>process of preparing a prospectus and listing securities on the securities exchange; and</p> <ul style="list-style-type: none"> • Knowledge of the financial reporting frameworks used in the preparation of the sources from which the unadjusted financial information and, if applicable, the acquiree's financial information have been extracted. <p>7 IESBA Code, paragraphs 130.1–130.3</p>		