Mr. Ken Siong
Senior Technical Director
International Ethics Standards Board for Accountants
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017
USA

Dear Mr. Ken Siong

Below you will find the comments from the **Ethics Commission** of the **Mexican Institute of Public Accountants** (**IMCP** as per its acronym in Spanish), to the IESBA document exposure draft "**Proposed Revision to the Fee-Related Provision of the Code**".

We are addressing your request for specific comments, as follows,

		Evaluating Threats Created by Fees Paid by the Audit Client	
1.		Do you agree that a self-interest threat to independence is created and an intimidation threat to independence might be created when fees are negotiated with and paid by an audit client (or an assurance client)?	Yes
2.		Do you support the requirement in paragraph R410.4 for a firm to determine whether the threats to independence created by the fees proposed to an audit client are at an acceptable level?	
	a.	Before the firm accepts an audit or any other engagement for the client; and	Yes
	b.	Before a network firm accepts to provide a service to the client?	Yes
3.		Do you have views or suggestions as to what the IESBA should consider as further factors (or conditions, policies and procedures) relevant to evaluating the level of threats created when fees for an audit or any other engagement are paid by the audit client?	No, we consider that each firm or professional accountant should have a process to evaluate these specific threats, following the guidelines already in the code.

		In particular, do you support recognizing as an example of relevant conditions, policies and procedures the existence of an independent committee which advises the firm on governance matters that might impact the firm's independence?	It is not necessary to add an independent committee to address this matter.
		Impact of Services Other than Audit Provided to an Audit Client	
4.		Do you support the requirement in paragraph R410.6 that a firm not allow the level of the audit fee to be influenced by the provision by the firm or a network firm of services other than audit to the audit client?	Yes
		Proportion of Fees for Services Other than Audit to Audit Fee	
5.		Do you support that the guidance on determination of the proportion of fees for services other than audit in paragraph 410.10 A1 include consideration of fees for services other than audit:	
	a.	Charged by both the firm and network firms to the audit client; and	Yes
	b.	Delivered to related entities of the audit client?	Yes
		Fee Dependency for non-PIE Audit Clients	
6.		Do you support the proposal in paragraph R410.14 to include a threshold for firms to address threats created by fee dependency on a non-PIE audit client?	Yes
		Do you support the proposed threshold in paragraph R410.14?	No, we propose the threshold to be set up at 40%, instead of 30%, as it is currently proposed.
7.		Do you support the proposed actions in paragraph R410.14 to reduce the threats created by fee dependency to an acceptable level once total fees exceed the threshold?	Yes, but we propose the number of consecutive years stablished in such paragraph, to be reduced to 3, instead of 5, as it is currently proposed.
		Fee Dependency for PIE Audit Clients	
8.		Do you support the proposed action in paragraph R410.17 to reduce the threats created by fee dependency to an acceptable level in the case of a PIE audit client?	Yes

9.		Do you agree with the proposal in paragraph R410.19 to require a firm to cease to be the auditor if fee dependency continues after consecutive 5 years in the case of a PIE audit client?	Yes, but we propose to reduce the number of consecutive years to 3, instead of 5, as it is currently proposed.
		Do you have any specific concerns about its operability?	No
10.		Do you support the exception provided in paragraph R410.20?	No
		Transparency of Fee-related Information for PIE Audit Clients	
11.		Do you support the proposed requirement in paragraph R410.25 regarding public disclosure of fee- related information for a PIE audit client?	Yes, we support the general requirement, but without specific guidelines, as it is not within the responsibility of IESBA.
		In particular, having regard to the objective of the requirement and taking into account the related application material, do you have views about the operability of the proposal?	See our previous comment on guidelines.
12.		Do you have views or suggestions as to what the IESBA should consider as:	
	a.	Possible other ways to achieve transparency of fee-related information for PIEs audit clients; and	No
	b.	Information to be disclosed to TCWG and to the public to assist them in their judgments and assessments about the firm's independence?	Yes, but not in assisting TCWG or the public in assessing about the Firm´s independence threats evaluation.
		Anti-Trust and Anti-Competition Issues	
13.		Do you have views regarding whether the proposals could be adopted by national standard setters or IFAC member bodies (whether or not they have a regulatory remit) within the framework of national anti-trust or anti-competition laws?	Yes, the proposals could be adopted by IFAC members bodies.
		The IESBA would welcome comments in particular from national standard setters, professional accountancy organizations, regulators and competition authorities.	
		Proposed Consequential and Conforming Amendments	
14.		Do you support the proposed consequential and conforming amendments to Section 905 and other	Yes

		sections of the Code as set out in this Exposure Draft?	
		In relation to overdue fees from an assurance client, would you generally expect a firm to obtain payment of all overdue fees before issuing its report for an assurance engagement?	Not necessarily we expect to have all overdue fees paid before issuing the report, but the not paid fees should not exceed 25% of total fees, before issuing the report. In addition, we consider that 100% fees should be paid before starting the next audit or assurance work.
15.		Do you believe that there are any other areas within the Code that may warrant a conforming change as a result of the proposed revisions?	At first view no, but we suggest a deep review of all those other areas.

Sincerely,

Eduardo García-Fuentes

President of the **Ethics Commission** of the

Mexican Institute of Public Accountants (IMCP)

IFAC Member Body

Mexico City, Mexico, June 4, 2020.