

## **International Ethics Standards Board for Accountants: Proposed Revisions to the Code Addressing the Objectivity of Engagement Quality Reviewers**

We value the opportunity to comment on this Exposure Draft (ED).

Moore Global is a leading mid-tier network with 255 member firms in 114 countries. Our firms are multi-disciplinary practices, providing a wide-range of professional services, including Audit.

This is a time of increased public scrutiny of, and reduced public trust in, the audit profession and the nature of audit itself. Many jurisdictions have seen a variety of enquiries, investigations, and proposals regarding the need to 'fix' audit, and auditors. It is in the interests not just of the public but also the profession itself that there should be a robust set of standards relating to audit quality – this is a starting point in winning back trust and increasing confidence.

Engagement Quality Review is a significant tool in the promotion of audit quality. Engagement Quality Reviewers play a vital role and objectivity is crucial to the fulfilment of that role.

We have provided our responses to your specific questions below.

### **Request for Specific Comments**

#### **1. Do you support the proposed guidance addressing the topic of the objectivity of an EQR?**

**Response:**

We support the proposed guidance. We have some minor editorial suggestions which are provided below.

#### **2. If so, do you support the location of the proposed guidance in Section 120 of the Code?**

**Response:**

We support the location of the proposed guidance.

#### **3. Do you agree with the IESBA that it would be more appropriate for the IAASB to determine whether a cooling-off requirement should be introduced in proposed ISQM 2 as discussed in Section III.C above, and that the Code should not be prescriptive in this regard?**

**Response:**

We believe that since the concept of cooling off is an ethical concept it would be more appropriate for IESBA to determine the duration of a cooling off period for those circumstances where an EQR is mandated. We believe that since EQR is likely to remain compulsory only in specific circumstances, it would be in the public interest for it to be clear that when EQR is mandated in those circumstances, a cooling off period is in place and the duration of that cooling off period is determined by IESBA in keeping with the fact that this is an ethical concept. This will be the simplest and most easily understood course of action – and simplicity and ease of understanding are clearly in the public interest.

EQR is not the only possible response to quality threats outside of the specific circumstances where it is mandated, therefore firms that find it challenging to implement a cooling off period will

have the option to implement a different response to mitigate their quality threats outside of the specific, EQR mandated, ones.

Whilst IESBA considers that the scope of the cooling off may be better specified in the ISQM standards that establishes the requirement, EQR requirements do not only derive from ISQM 1 and the IESBA Code of Ethics also stipulates circumstances when an EQR is required such as fee dependence.

#### **Minor editorial matters**

Para 120.14A1 might be improved by mentioning the fact that quality risks relate to the achievement or otherwise of the firm's quality objectives. This would more usefully root the whole concept of the EQR within the sphere of being a role designed specifically to mitigate a risk or risks to those objectives.

Para 120.14A2 line 3 – should be 'threatss'