



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

19 April 2017

Ken Siong
Technical Director
The International Ethics Standards Board for Accountants
545 5th Avenue, 14th Floor
New York, NY 10017

Dear Sir,

COMMENTS ON THE EXPOSURE DRAFT “PROPOSED REVISIONS PERTAINING TO SAFEGUARDS IN THE CODE – PHASE 2 AND RELATED CONFORMING AMENDMENTS”

The Malaysian Institute of Accountants (“MIA”) appreciates the opportunity to provide comments on the Exposure Draft “Proposed Revisions Pertaining to Safeguards in the Code – Phase 2 and Related Conforming Amendments”. We applaud the effort of the International Ethics Standards Boards for Accountants (“IESBA”) in improving the extant Code of Ethics for Professional Accountants (“the Code”) to deal with evolving ethics issues.

Our comments on the Exposure Draft are provided as below:

Section 600 Provision of Non-Assurance Services to an Audit Client

1. Do respondents support the proposals in Section 600? If not, why not?

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.

Response:

General

We wish to highlight that the prohibition on recruiting services is described in paragraph 26(h), instead of paragraph 25(h) as indicated in this question.

Section 600

With regard to those non-assurance services for which the same requirements and application material apply to both public interest entities (“PIEs”) and non-PIEs, we suggest that for better clarity, the IESBA explicitly state as such in the Code. In the past, we received enquiries from professional accountants in public practice that sought clarification as to whether a particular ethics standard applied to PIEs or both the PIEs and non-PIEs.

Paragraph R600.10

We find that Paragraph R600.10(ii) may be redundant as it has similar implication as Paragraph R600.10(i).

Paragraph R601.8

The equivalent paragraph of R601.8 in the extant Code is paragraph 290.170 which states that:

“Despite paragraph 290.169, a firm may provide accounting and bookkeeping services, including payroll services and the preparation of financial statements or other financial information, of a routine or mechanical nature for divisions or related entities of an audit client that is public interest entity if the personnel providing the services are not members of the audit team and:

- (a) The divisions or related entities for which the service is provided are collectively immaterial to the financial statements on which the firm will express an opinion; or
- (b) The services relate to matters that are collectively immaterial to the financial statements of the division or related entity.”

The exception for a firm to provide accounting and bookkeeping services to divisions of related entities of an audit client that is a public interest entity under paragraph 290.170 made reference to paragraph 290.169. Similarly, we think that paragraph R601.8 should be made reference to paragraph R601.7, instead of paragraph R601.6.

Section 950 Provision of Non-Assurance Services to an Assurance Client

2. Do respondents support the proposals in Section 950? If not, why not?

Response:

We agree with the proposals in Section 950. However, we suggest that the IESBA align the sequence of similar matters. For instance, in the Exposure Draft, “Multiple Non-Assurance Services to an Audit Client” is followed by “Avoiding Management Responsibilities” under Section 600; while “Avoiding Management Responsibilities” is followed by “Multiple Non-Assurance Services to an Assurance Client” under Section 950.

Examples of Safeguards

3. 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?

Response:

We think that the proposed safeguards mentioned in the Exposure Draft are well covered.

Conforming Amendments Arising from the Safeguards Project

4. Do respondents agree with the proposed conforming amendments set out in:

- (a) Chapter 2 of this document.
- (b) The grey text in Chapter 2 – 5 of Structure ED-2.

Response:

We agree with the proposed amendments set out in:

- (a) Chapter 2 of this document; and
- (b) The grey text in Chapter 2 – 5 of Structure ED-2.

5. Respondents are asked for any comments on any other matters that are relevant to Phase 2 of the Safeguards project.

Response:

We have no other comments in relation to Phase 2 of the Safeguards project.

We trust the above comments will be helpful in your final deliberations. The MIA looks forward to strengthening the dialogue between both organisations.

Thank you.

Yours faithfully,

MALAYSIAN INSTITUTE OF ACCOUNTANTS



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