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International Ethics Standards Board for Accountants (IESBA)
Attn. Mr. Ken Siong

-
Submitted via the IESBA website

Subject: IESBA Request for Input: Fees Questionnaire

Date	Re	Our ref	Attachment	Direct dial nr
March 1, 2018	IESBA Fee Questionnaire	JTD	-	+31 20 3010281

Dear Mr. Siong,

The NBA welcomes the opportunity to be able to respond to the FEES QUESTIONNAIRE.

Regarding the level of fees charged by audit firms we believe that a potential requirement (if there should be any) should not be focused on, or interfere with, the pricing of the audit engagement. The focus should be how to guarantee the usage of the resources needed to perform a (high) quality audit engagement. We are of the opinion that no statement is possible regarding the cost price of the audit engagement.

We also believe that non-audit services cannot be fully separated from the exercise of the audit engagement. These non-audit services hang often together with the audit engagement. And we concur that a high ratio of the fee for non-audit services to audit fees may affect the auditor's independence with regard to the individual audit client. Therefore, the CoE already contains the necessary measures to safeguard the auditors' independence.

We believe that the amount of the fee requested or the available budget for professional services could threaten compliance with the fundamental principles such as the objectivity and/or the professional competence and due care of the auditor. The presence of a threat depends on the level of the fee or budget in relation to the nature of the services concerned. Obtaining insight into the complexity of an engagement and determining a fee or budget based on a realistic planning of the required hours helps auditor to assess the existence of a threat. The application of robust quality assurance procedures can be considered as a safeguard.

Royal Netherlands
Institute of Chartered
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Furthermore in the questionnaire Section B.5., there are two questions on which IESBA would like feedback regarding our jurisdiction:

A What are our regulatory requirements relating to the level of fees charged by audit firms that are more stringent than the provisions in the IESBA Code?

Our regulatory requirements regarding the relative size of fees (15%) are more stringent than the provisions in the IESBA Code (and the EU regulation as well). Two years instead of three consecutive years is even more stringent than article 4, third paragraph, of the EU-regulation (member state option). Ending after max. 5 consecutive years is in line with article 4, third paragraph, of the EU-regulation.

We made the following amendments (most important ones) to paragraph 290.219 and Section 291 of the CoE:

1. Applicable to *all assurance* engagements to PIES instead of audits of PIES only.
2. Applicable to assurance engagements to PIES *and* non-PIES instead of PIES only.
3. After two consecutive years *always* a pre-issuance review instead of the choice between a pre-issuance and a post-issuance review.
4. If audit of PIE: in fourth year discussion with audit committee whether the audit can be continued and if so, what other safeguards should be taken beside the pre-issuance review. If continuing, only after written consent of the audit committee.
5. If audit of PIE: after max 5 consecutive years over 15%: engagement should be ended instead of a pre-issuance review each year from third year on.
6. Not only applicable if the total fees from the client and its related entities represent more than 15% of the total fees received by the *firm*, but also if the total fees from the client and its related entities represent more than 15 % of the total fees received by the *network* in the Netherlands.

B What are our specific regulatory provisions in our jurisdiction, that apply to the level of fees charged for

(a) audit and assurance engagements; and

(b) non-audit services provided to audit and assurance clients?

Ad a) There are no requirements other than the Dutch equivalent of the IESBA Code's requirements regarding relative size, overdue fees and contingent fees.

See the question before for the Dutch amendments to paragraph 290.219 and Section 291 of the Code (relative size of fees: 15%).

Ad b) Based on EU regulation 537 /2014, for pies, the non-audit services should be limited to 70% of the audit fees (average / three years period). Although audit firms are only allowed to provide assurance services and agreed upon procedures to their audit clients, this provision is still relevant in the Netherlands. For detailed information on this provision we refer to regulation 537/2014 from the EC.



For further information on this letter, please contact Jan Thijs Drupsteen via e-mail at j.th.drupsteen@nba.nl.

Yours sincerely,
NBA, Royal Netherlands Institute of Chartered Accountants,

SIGNED BY

Anton Dieleman
Chair of the Dutch Ethics and Assurance
Standards Board

