

Response of the Institute of Chartered Accountants of India on the Proposed Technology-related Revisions to the Code of IESBA on Proposed Revisions to the provisions in the Code of Ethics

| S.No. | Question | Response |
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| 1 | Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2? Are there other considerations that should be included? | We agree with the factors which set out thought process to be undertaken. As the application of technology will further endeavour more factors might be added in future. |
| 2. | Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2? Are there other factors that should be considered? | We agree with these. As stated earlier, other factors can be contemplated in future based on experienced shared. |
| 3. | Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3? | The exposure draft should acknowledge that uncertainty can arise on account of regulatory expectation gap, that is primarily related to interpretation of a particular term. |
| 4. | Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions? | There is no jurisdiction-specific translation consideration, that may impact the proposed revisions for us i.e. Institute of Chartered Accountants of India. |
| 5. | Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to | We feel that the proposed bullet “the application of interpersonal, communication and organizational skills” should be more elaborately explained so as to make it clear as to how it is likely to change the current practice. In our view, making stakeholder “aware of the limitations inherent in the services or activities” |

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| | paragraph R113.3, respectively? | may not serve as a safeguard. We also feel that it cannot provide that any other firm would not have such limitation. |
| 6. | Do you agree with the IESBA not to include additional new application material (as illustrated in paragraph 29 of the explanatory memorandum) that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions) in the Code? | ----- |
| 7. | Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of “confidential information?” | We agree with this. |
| 8. | Do you agree that “privacy” should not be explicitly included as a requirement to be observed by PAs in the proposed definition of “confidential information” in the Glossary because it is addressed by national laws and regulations which PAs are required to comply with under paragraphs R100.7 to 100.7 A1 of the Code (see subparagraph 36(c) of the explanatory memorandum)? | Yes, we agree that this should not be included as this is essentially a matter for local law. |
| 9. | Do you support the proposed revisions to the International Independence Standards, including: (a) The proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to “routine or mechanical” services. | (i). With regard to Paragraph 601.5 A2, ICAI prohibits bookkeeping and accountancy services along with audit. There is complete prohibition on the same. (ii). The distinction of a service as routine or mechanical or otherwise appears to be fine, although it is subject to deliberation at ICAI. |

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| | <p>(b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum. (c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6)</p> | <p>(iii) It is not allowed by ICAI to accountants to engage in any other business/ occupation, irrespective of whether they are Auditors or not. Therefore, PAs cannot provide, sell, or resell technology.</p> |
| 10. | <p>Do you support the proposed revisions to subsection 606, including: (a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)?</p> <p>(b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c)18 and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat¹⁹ in proposed paragraph 606.4 A3?</p> | <p>While we support the revision of sub-section 606 we suggest revising the wording of the first bullet of proposed 606.3 A1. We agree that a service which only comprises the hosting of an audit client's data is an impermissible management responsibility. However, the first bullet of 606.3 A1 refers to 'services in relation to' hosting. This wording is not clear to us.</p> <p>We recommend that the Code should clearly state that 'Hosting of an audit client's data' is an example for a management responsibility. Proposed 606.3 A2 would still make it clear that maintaining an audit client's data to enable a service, including as part of an audit, is not a prohibited management responsibility.</p> |

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| | (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3? | |
| 11. | Do you support the proposed changes to Part 4B of the Code? | Yes , we agree. |