

**ASOCIACION INTERAMERICANA DE CONTABILIDAD  
INTERAMERICAN ACCOUNTING ASSOCIATION  
ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE**

Santa Cruz- Bolivia, August 18th, 2014

International Ethics Standards Board for Accountants (IESBA).  
529 5th Avenue, 6th Floor  
New York, New York 10017

REF: **Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients.-**

Dear Member Body:

The Interamerican Accounting Association (AIC), welcomes the opportunity to comment on the Consultation Paper **Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients**

This response summarizes the point of views of the different member bodies of the AIC and members of the Inter-American Ethic Committee.

All comments received from the Inter-American Committee on Ethic and the OP were compared and discussed, before preparing a consensus answer.

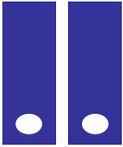
**General Comments**

Decisively support the initiative of IESBA on this issue, as continuing professional development is very important for professional competence that professional accountants are required to demonstrate when performing the role of an engagement partner responsible for audits of financial statements.

If you have any questions on our comments, please contact us.

Sincerely,

Gustavo Gil Gil  
**CHAIRMAN**



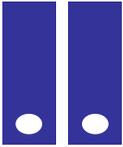
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**Comment Letter of the Interamerican Accounting Association - AIC on public discussion paper referred to: Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients**

According to the instructions in the document, we have answered questions included in it. Please see our responses and comments listed below.

<b>Question 1</b>
<b>Are there situations that justify the retention of emergency exemptions relating to accounting and taxation?</b>
Relating to emergency exemptions:  Whether a situation that requires an emergency provision is rare and extraordinary, in some cases it might be necessary to turn to these provisions in order to respond to certain services requested by audit clients. Despite that these services are not allowed according to the code, they are very important in an organization.  On the other hand, On the other hand, if the exemptions for emergency services related to accounting and taxation are suppressed or eliminated, considering what is proposed in paragraph 100.11 of the code, this should be complemented by saying <b><i>that the auditor may perform certain non-assurance services prohibited by the code in case of emergency or other unusual situations with the approval of a competent regulator.</i></b>

<b>Question 2</b>
<b>The change of "important decisions" to "decisions" when referring to management responsibilities (paragraph 290 162) improves the clarity of management responsibility?</b>
We believe that the change does not improve the clarity of management or administration responsibility, it rather creates new dilemmas. In auditing the concept of materiality, to evaluate the performance of the auditor, is a pillar that must be maintained and when referring to important or significant decisions, precludes having to evaluate all decisions, which are not relevant to the auditor. Therefore we believe "significant decisions" or "important decisions" should be maintained.



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**Question 3 -**

**Are the examples of management responsibilities in paragraph 290.163 appropriate?**

Given that the responsibility of management seeks to lead and manage a company and/or entity, while establishing responsibilities and determining an organizational model that defines the interrelationships, functions and management tools in each of the activities and processes, the examples are appropriate. However, the example: "Take responsibility for the preparation and fair presentation of financial statements in accordance with the applicable regulatory financial reporting framework" is a feature that is not carried out directly by the managers, but by a person or group of people in a specific area responsible for carrying out this function, which would also be under supervision.

**Question 4 -**

**Are there challenges in understanding and applying the pre-requirement in paragraph 290.165 for non-assurance services that should be considered?**

We believe that there are no challenges in understanding and applying the provisions of the paragraph as it is clear enough to understand what conditions must be taken into account when providing non-assurance services. As mentioned in the document, it is important that the audit client who makes judgments and decisions so that the auditor does not lose its independence and the self-review threat is reduced to an acceptable level.

**Question 5 -**

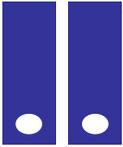
**Will the best guidance help the commitment teams to better respond to the need to not take responsibility for management?**

If such guidance will allow the differentiation and understanding of the types of assurance and non-assurance services, and also in cases where it is required to provide different services related to assurance, certain requirements or conditions to prevent or reduce the possibility of assuming management responsibilities, might be taken into account

**Question 6 -**

**Does the transfer of the guidance pertaining to administrative services to its own subsection provide more clarity?**

Yes, because this transfer allows separating and understanding the administrative and assurance functions. Thus, audit firms may have greater clarity regarding the functions and services that can be performed and that are directly related to the accounting profession and its task to verify facts and qualitative information of the practices in an organization or entity. Although the responsibilities of client management and assurance responsibilities are different, they are directly related and depend on each other because there must be communication to transmit information back and forth.



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**Question 7 -**

*Routine or mechanical*

**Does the proposed guidance on "routine or mechanical" clarify the term, or is additional guidance needed?**

The guidance is sufficient to understand the terms "routine or mechanical"; they refer to the administrative services the auditor or firm can provide to customers, as no professional criteria is required and these services generally do not create threats to independence and, if so, this threat can be reduced or eliminated by the application of safeguards.

**Question 8 -**

**Are the meaning and identification of the source documents sufficiently clear, taking into account documents that can be generated by software?**

The meaning and identification of the source documents are clear, taking into account that these documents can be prepared and/or changed and data creation can occur through electronic, manual, or other means, which reveal the existence of any type of transaction.

**Question 9 -**

*Section 291*

**Do the proposed changes to Section 291, specifically the proposed additional requirements to paragraph 291.146, improve clarity of management responsibility?**

As mentioned above, specifically in point four concerning paragraph 290.165, it can be clearly identified and understood what the requirements for the provision of non-assurance services, also functions to be performed by the audit client are highlighted as the creation of judgments and decisions.

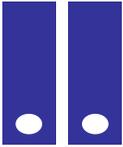
Note: Paragraphs 290.165 and 291.146 express the same idea regarding additional requirements for the provision of non-assurance services and the decisions of management responsibilities to be performed by the customer.

**Question 10 -**

**Are the examples of management responsibilities in paragraph 291.144 appropriate?**

As mentioned above specifically in point three concerning paragraph 290.163, the examples given in paragraph 291.144 are appropriate considering that the management responsibility should include planning, organizing, administrative, management and control tasks.

Note: Paragraphs 290.163 and 291.144 express the same idea regarding the examples of management responsibilities.



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**Question 11 -**

**Does the transfer of the guidance pertaining to administrative services provide more clarity?**

Yes, because greater clarity is given on the services audit firms may perform and it also allows the identification and understand of management responsibilities. Whether audit firms provide non-assurance services or not, the auditor should not assume management responsibilities, it is the client management who is responsible for making judgments and taking appropriate management decisions.

**Request for General Comments**

In addition to the request for specific comments on the topics mentioned above, the IESBA would like to receive comments on the following topics:

- (a) *SMP - The IESBA would like to receive comments on the impact of proposed changes to the SMP especially changes related to management responsibilities.*

These changes should be regarded positively as they permit the responsibility rested with the auditor, in the case of business management, to be the responsibility of management or of a designated senior management, which allows the auditor to maintain independence.

- (b) *Preparers (including SMEs) and users (including regulators) - would like to receive comments on changes proposed by the preparers and users (especially regarding the practical impacts of the proposed changes).*

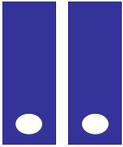
- (c) *Developing Nations - Recognizing that many developing countries adopted or are in the process of adopting the Code, the IESBA sought respondents from these nations to comment on the proposed changes, in particular with respect to the anticipated difficulties in the application in a developing country.*

To serve the interests of developing countries, by establishing high quality ethical standards for accounting professionals, facilitates a more efficient convergence and allows development more effectively, for us.

- (d) *Translations - Recognizing that many respondents might translate the final changes for adoption in their own environment, the IESBA welcomes comments on translation issues respondents may come across during the review of the proposed changes.*

Translation allows for the interpretation of the norm to be clearer and uniform between countries so that the concepts that are consolidated can not only be adopted but also allows users to draw conclusions and improvement options.

- (e) *The Effective Date- The IESBA proposes that the effective date of the changes will not be less than 12 months after the issuance of the final changes. Earlier application is permitted. The IESBA welcomes comment on whether this minimum period would be sufficient to support the effective implementation of the changes.*



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Yes it is sufficient, as reasonable time is needed to analyze the positions and make necessary changes and improvements, however, it should not take longer as there will be major changes to make due to a changing economy and continuous development.