Proposed Amendments to the IAASB’s International Standards

Conforming Amendments to the IAASB International Standards as a Result of the Revised IESBA Code
About the IAASB

This Exposure Draft was developed and approved by the International Auditing and Assurance Standards Board (IAASB).

The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

The IAASB develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance. The structures and processes that support the operations of the IAASB are facilitated by the International Federation of Accountants (IFAC).

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REQUEST FOR COMMENTS

This Exposure Draft, proposed Conforming Amendments to the IAASB International Standards as a Result of the Revised IESBA Code, was developed and approved by the International Auditing and Assurance Standards Board® (IAASB®).

The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form. Comments are requested by January 10, 2020.

Respondents are asked to submit their comments electronically through the IAASB website, using the “Submit a Comment” link. Please submit comments in both a PDF and Word file. First-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the website.

This publication may be downloaded from the IAASB website: www.iaasb.org. The approved text is published in the English language.
# EXPLANATORY MEMORANDUM

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Section 1 Introduction

1. This memorandum provides background to, and an explanation of, the International Auditing and Assurance Standards Board’s (IAASB’s) proposed amendments to certain of its International Standards in response to the revised IESBA Code. The IAASB approved the proposed amendments to the following International Standards on November 7, 2019 for exposure:

- ISQC 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements;
- ISA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing;
- ISA 220, Quality Control for an Audit of Financial Statements;
- ISA 240, The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements;
- ISA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements;
- ISA 260 (Revised), Communication with Those Charged with Governance;
- ISA 600, Special Considerations – Audits of Group Financial Statements (Including the Work of the Component Auditors);
- ISA 610 (Revised 2013), Using the Work of Internal Auditors;
- ISA 620, Using the Work of an Auditor’s Expert;
- ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements;
- ISA 720 (Revised), The Auditor’s Responsibilities Relating to Other Information;
- ISA 800 (Revised), Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks;
- ISA 805 (Revised), Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of Financial Statement;
- ISA 810 (Revised), Engagements to Report on Summary Financial Statements;
- IAPN 1000, Special Considerations in Auditing Financial Instruments;
- ISRE 2400 (Revised), Engagements to Review Historical Financial Statements;
- ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information;
- ISAE 3402, Assurance Reports on Controls at a Service Organization;
- ISAE 3410, Assurance Engagements on Greenhouse Gas Statements;

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1 The IAASB’s International Standards comprise the International Standards on Auditing (ISAs), International Standards on Review Engagements (ISREs), International Standards on Assurance Engagements (ISAEs), International Standards on Related Services (ISRSs), and International Standards on Quality Control (ISQCs)

2 International Ethics Standards Board for Accountants’ (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)
EXPLANATORY MEMORANDUM TO PROPOSED CHANGES TO THE IAASB STANDARDS AS A RESULT OF THE REVISED IESBA CODE

- ISAE 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus;
- ISRS 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information (Previously ISA 920); and
- ISRS 4410 (Revised), Compilation Engagements.

2. Amendments are also proposed to the International Framework for Assurance Engagements.

Section 2 Background

Implications of the Revised IESBA Code

3. The IAASB’s International Standards (the International Standards) refer to the IESBA Code in various ways, ranging from simple references to the title of the IESBA Code to detailed references to specific paragraphs in the IESBA Code as it existed before April 2018.

4. The revised IESBA Code was effective from June 15, 2019. The IESBA’s Basis for Conclusions, Improving the Structure of the Code of Ethics for Professional Accountants, indicates that the IESBA was careful to not inadvertently change the meaning of the IESBA Code or weaken it.

5. A project to update the IAASB Handbook (the Handbook) for the revised IESBA Code is necessary to address inconsistencies between the International Standards in the Handbook and the revised IESBA Code. The purpose of making the revisions is solely to align the extant wording with the revised IESBA Code and not to reevaluate or discuss the merits of each reference, thus ensuring that the International Standards can continue to be applied effectively together with the revised IESBA Code.

6. The IAASB believes it would not be effective to make the changes on a piecemeal basis (i.e., wait until substantive changes are made to each standard to update references to the revised IESBA Code), as some of the affected standards may not be updated on a timely basis.

Public Interest Issues Addressed by this Project

7. The IAASB believes that it is in the public interest that its International Standards and the IESBA Code be able to operate in concert and without confusion due to the many jurisdictions that utilize both. It is also important that the IAASB’s International Standards acknowledge and do not potentially undermine the enhancements that are made to the IESBA Code—either through being inconsistent or through failing to draw appropriate attention to the revised requirements in the IESBA Code. Equally, it would not be in the public interest for practitioners to be placed in a situation where the IESBA Code required one approach but the IAASB’s International Standards, either in the requirements or the application material, did not support or recognize that approach.
Section 3  Guide for Respondents

The IAASB welcomes comments on all matters addressed in this exposure draft (ED), but especially those identified in the Request for Comments section. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and make specific suggestions for any proposed changes to wording. When a respondent agrees with proposals in this ED (especially those calling for change in current practice), it will be helpful for the IAASB to be made aware of this view as this cannot always be inferred when not stated.

Section 4  Significant Matters

8. The ED includes those amendments that the IAASB has determined would be necessary to resolve actual or perceived inconsistencies between the IAASB’s International Standards and the changes made by IESBA in issuing the revised IESBA Code. All the changes are relatively minor or editorial in nature, or are changes only to reflect existing obligations under the revised IESBA Code.

9. These amendments are limited, as developing them does not involve re-consideration of the objectives, requirements and application material of the International Standards, in their own right. The amendments generally involve little or no judgment in preparing them as there are no, or very limited, options for amending the wording.

10. Broadly, the proposed amendments to the IAASB’s International Standards can be characterized into a small number of categories. The categories are:

   a) Category 1: Proposed amendments to reflect structural changes to, and the applicability of, the IESBA Code. An example of these changes is replacing terms such as “Parts A and B of the [Code]” with “the provisions of the [Code].” This change is necessary as the IESBA Code is intended to be read holistically, rather than linking directly to only certain sections.

   b) Category 2: Proposed amendments to the framework for addressing threats to compliance with the fundamental principles to the IESBA Code. An example of these changes is in the ISA 620,3 Paragraph A18, where it is proposed to replace the phrase “Safeguards may eliminate or reduce such threats, and may be created by external structures (for example, the auditor’s expert’s profession, legislation or regulation),” with the phrase “Such threats may be addressed by eliminating the circumstances that create the threat, applying safeguards or by the auditor’s expert’s work environment (for example, quality control policies and procedures).” This change is necessary because, under the previous Code, safeguards include actions or measures that eliminate or reduce the threats to an acceptable level whereas under the revised IESBA Code, safeguards are measures that are applied to reduce the threats, while measures to eliminate threats are separate from safeguards.

   c) Category 3: Updates to the title of the IESBA Code. The full title of the IESBA Code is now “International Code of Ethics for Professional Accountants (including International Independence Standards)."

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3 ISA 620, Using the Work of an Auditor’s Expert
d) **Category 4: Proposed amendments to align with terminology used in the IESBA Code.** An example of these changes is the amendments to the definition of “independence,” which is needed to align with the revised definition in the IESBA Code.

11. A tabular presentation format has been used to show the extant IAASB Handbook text, relevant notes on the revisions to the IESBA Code, the proposed change to the IAASB Handbook text, and the category of the change.

**Effective Date**

12. Given the limited nature of the amendments proposed and because the conforming amendments do not create any new obligations, the IAASB is proposing that the conforming amendments become effective approximately 90 days after the approval of the due process by the Public Interest Oversight Board. Such timeframe is considered necessary to allow jurisdictions sufficient time for translation of the final text of the International Standards, for national adoption processes to occur, and for practitioners to update templates and associated internal materials. The IAASB considered whether a longer effective date would be in the public interest, but concluded that it would prolong the non-alignment between the IAASB International Standards and the revised IESBA Code, would delay the production of the IAASB Handbook, and that a longer effective date is unnecessary due to the limited nature of the conforming amendments. The IAASB is seeking comments on the effective date of the conforming amendments.

**Section 5  Request for Comments**

13. While the IAASB welcomes comments on all matters addressed in this ED, the IAASB is specifically seeking comments on the following matters:

1) Whether respondents believe the proposed limited amendments are sufficient to resolve actual or perceived inconsistencies between the IAASB’s International Standards and the changes made by IESBA in issuing the revised IESBA Code.

2) Whether respondents believe that the proposed effective date of approximately 90 days after the approval of the due process by the Public Interest Oversight Board is appropriate.
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<tbody>
<tr>
<td><strong>Glossary</strong></td>
<td>Independence — Comprises:</td>
<td>- The definition of “independence in appearance” has been amended (see paragraph 120.12 A1)</td>
<td>Independence — Comprises:</td>
<td>4</td>
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<td></td>
<td>(a) Independence of mind—the state of mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism.</td>
<td></td>
<td>(a) Independence of mind—the state of mind that permits the expression provision of an opinion without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity, and exercise objectivity and professional skepticism.</td>
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<td>(b) Independence in appearance—the avoidance of facts and circumstances that are so significant a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would reasonably conclude a firm’s, or a member of the assurance team’s, integrity, objectivity or professional skepticism had been compromised.</td>
<td></td>
<td>(b) Independence in appearance—the avoidance of facts and circumstances that are so significant that a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would be likely to reasonably conclude that a firm’s or a member of the audit or assurance team’s member’s integrity, objectivity or professional skepticism had been compromised.</td>
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<td><strong>Network</strong></td>
<td>— A larger structure:</td>
<td>- No changes identified</td>
<td>N/A</td>
<td>N/A</td>
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16 As defined in the IESBA Code of Ethics for Professional Accountants

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4 The comparison is based on the 2018 Handbooks published by IAASB and IESBA
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<td>(Refer also to standards that contain this definition)</td>
<td>(a) That is aimed at cooperation, and (b) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.</td>
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| Glossary (Refer also to standards that contain this definition) | Network firm—A firm or entity that belongs to a network.  
17 ISA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements | • No changes identified | N/A | N/A |
| Glossary (Refer also to standards that contain this definition) | Non-compliance (in the context of ISA 250) Acts of omission or commission, intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity.  
17 ISA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements | • No changes identified (note that the ISA includes an additional clarification on personal misconduct that was intentionally included in the definition) | N/A | N/A |
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<td>Glossary (Refer also to standards that contain this definition)</td>
<td>Professional accountant(^{19})—An individual who is a member of an IFAC member body. 19 As defined in the IESBA Code of Ethics for Professional Accountants</td>
<td>• Update footnote for title of Code</td>
<td>As defined in the IESBA Code of Ethics for Professional Accountants</td>
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<td>Glossary (Refer also to standards that contain this definition)</td>
<td>Professional accountant in public practice(^{20})—A professional accountant, irrespective of functional classification (for example, audit, tax or consulting) in a firm that provides professional services. This term is also used to refer to a firm of professional accountants in public practice. 20 As defined in the IESBA Code of Ethics for Professional Accountants</td>
<td>• Update footnote for title of Code</td>
<td>As defined in the IESBA Code of Ethics for Professional Accountants</td>
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| Glossary (Refer also to standards that contain this definition) | Professional judgment—The application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.  
Professional judgment (in the context of ISAE 3000 (Revised))—The application of relevant training, knowledge and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of | • See comment on ISA 200 Paragraph A25 | N/A | N/A |
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<td>Standard</td>
<td>Extant Paragraphs</td>
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<td>action that are appropriate in the circumstances of the engagement.</td>
<td>Relevant ethical requirements—Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with national requirements that are more restrictive. In the context of ISRE 2400 (Revised), relevant ethical requirements are defined as the ethical requirements the engagement team is subject to when undertaking review engagements. These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code),</td>
<td>Update to the title of the Code</td>
<td>1 &amp; 3</td>
</tr>
<tr>
<td>Professional judgment (in the context of ISRE 2400 (Revised))—The application of relevant training, knowledge and experience, within the context provided by assurance, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the review engagement.</td>
<td>Relevant ethical requirements (in the context of ISQC 1)—Ethical requirements to which the engagement team and engagement quality control reviewer are subject when undertaking audits or reviews of financial statements, or other assurance or related services engagements, which ordinarily comprise the provisions of the Parts A and B of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with national requirements that are more restrictive. Relevant ethical requirements (in the context of the ISAs)—Ethical requirements to which the engagement team and engagement quality control reviewer are subject when undertaking</td>
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<td>Glossary (Refer also to standards that contain this definition)</td>
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<tr>
<td>Standard</td>
<td>Extant Paragraphs</td>
<td>Notes in Relation to the 2018 IESBA Code</td>
<td>Proposed Change</td>
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<td>Together with national requirements that are more restrictive. In the context of ISRS 4410 (Revised), relevant ethical requirements are defined as the ethical requirements the engagement team is subject to when undertaking compilation engagements. These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) (excluding Section 290, Independence—Audit and Review Engagements, and Section 291, Independence—Other Assurance Engagements in Part B), together with national requirements that are more restrictive.</td>
<td>an audit engagement, which ordinarily comprise the provisions of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) related to an audit of financial statements, together with national requirements that are more restrictive. Relevant ethical requirements (In the context of ISRE 2400 (Revised))—relevant ethical requirements are defined as the ethical requirements to which the engagement team is subject to when undertaking a review engagements, which These requirements ordinarily comprise the provisions of Parts A and B of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) related to a review of financial statements, together with national requirements that are more restrictive. Relevant ethical requirements (In the context of ISRS 4410 (Revised))—relevant ethical requirements are defined as the ethical requirements to which the engagement team is subject to when undertaking a compilation engagements, which These requirements ordinarily comprise Parts A and B of the</td>
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# EXPOSURE DRAFT: PROPOSED CHANGES TO THE IAASB STANDARDS AS A RESULT OF THE REVISED IESBA CODE

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<tr>
<td>ISQC 1 Paragraph 12q</td>
<td>Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with national requirements that are more restrictive.</td>
<td>• Refer comments above regarding proposed changes</td>
<td>1 &amp; 3</td>
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<tr>
<td>ISQC 1 Paragraph 20</td>
<td>The firm shall establish policies and procedures designed to provide it with reasonable assurance that the firm and its</td>
<td>• No changes identified</td>
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<tr>
<td>ISQC 1 Paragraph 21</td>
<td>The firm shall establish policies and procedures designed to provide it with reasonable assurance that the firm, its personnel and, where applicable, others subject to independence requirements (including network firm personnel) maintain independence where required by relevant ethical requirements. Such policies and procedures shall enable the firm to: (Ref: Para. A10) (a) Communicate its independence requirements to its personnel and, where applicable, others subject to them; and (b) Identify and evaluate circumstances and relationships that create threats to independence, and to take appropriate action to eliminate those threats or reduce them to an acceptable level. Under the revised Code, safeguards are measures that are applied to reduce the threats, while measures to eliminate threats are actions or measures that eliminate or reduce the threats to an acceptable level. Notably, under the extant Code, safeguards include actions or measures that eliminate or reduce the threats to an acceptable level. Under the revised Code, safeguards are measures that are applied to reduce the threats, while measures to eliminate threats are actions or measures that eliminate or reduce the threats to an acceptable level.</td>
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| ISQC 1 Paragraph 22 | Such policies and procedures shall require: (Ref: Para. A10) | • The revised Code describes threats to compliance differently  
  • Part (c) - the revised Code refers to addressing threats, i.e., not appropriate action | Such policies and procedures shall require: (Ref: Para. A10)  
  (a) Engagement partners to provide the firm with relevant information about client engagements, including the scope of services, to enable the firm to evaluate the overall impact, if any, on independence requirements;  
  (b) Personnel to promptly notify the firm of circumstances and relationships that create a threat to compliance with independence requirements, so that appropriate action can be taken; and  
  (c) The accumulation and communication of relevant information to appropriate personnel so that:  
  (i) The firm and its personnel can readily determine whether they satisfy independence requirements;  | 2 |
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<tr>
<td>ISQC 1 Paragraph 23</td>
<td>The firm shall establish policies and procedures designed to provide it with reasonable assurance that it is notified of breaches of independence requirements, and to enable it to take appropriate actions to resolve such situations. The policies and procedures shall include requirements for: (Ref: Para. A10) (a) Personnel to promptly notify the firm of independence breaches of which they become aware; (b) The firm to promptly communicate identified breaches of these policies and procedures to:</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
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(ii) The firm can maintain and update its records relating to independence; and

(iii) The firm can take appropriate action regarding identified threats to independence that are not at an acceptable level.

(c) The accumulation and communication of relevant information to appropriate personnel so that:

(i) The firm and its personnel can readily determine whether they satisfy independence requirements;

(ii) The firm can maintain and update its records relating to independence; and

(iii) The firm can take appropriate action regarding identified threats to independence that are not at an acceptable level.
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<td>Standard</td>
<td>Extant Paragraphs</td>
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<tr>
<td>ISQC 1 Paragraph 24</td>
<td>At least annually, the firm shall obtain written confirmation of compliance with its policies and procedures on independence from all firm personnel required to be independent by relevant ethical requirements. (Ref: Para. A10–A11)</td>
<td>• No changes identified</td>
</tr>
<tr>
<td>ISQC 1 Paragraph 25</td>
<td>The firm shall establish policies and procedures: (Ref: Para. A10) (a) Setting out criteria for determining the need for safeguards to reduce the familiarity threat to an acceptable</td>
<td>The firm shall establish policies and procedures: (Ref: Para. A10) (a) Eliminating the threat or setting out criteria for applying determining the need for safeguards to reduce the threat of the</td>
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<td>(i) The engagement partner who, with the firm, needs to address the breach; and (ii) Other relevant personnel in the firm and, where appropriate, the network, and those subject to the independence requirements who need to take appropriate action; and (c) Prompt communication to the firm, if necessary, by the engagement partner and the other individuals referred to in subparagraph 23(b)(ii) of the actions taken to resolve the matter, so that the firm can determine whether it should take further action.</td>
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<td>extant Code, in particular in relation to how identified threats are addressed</td>
<td>long association with an entity to an acceptable level, the familiarity threat to an acceptable level when using the same senior personnel on an assurance engagement over a long period of time; and</td>
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<td>(b) Requiring, for audits of financial statements of listed entities, the rotation of the engagement partner and the individuals responsible for engagement quality control review, and, where applicable, others subject to rotation requirements, after a specified period in compliance with relevant ethical requirements. (Ref: Para. A12–A17)</td>
<td>(b) Requiring, for audits of financial statements of listed entities, the rotation of the engagement partner and the individuals responsible for engagement quality control review, and, where applicable, others subject to rotation requirements, after a specified period in compliance with relevant ethical requirements. (Ref: Para. A12–A17)</td>
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<tr>
<td>ISQC 1 Paragraph 27</td>
<td>Such policies and procedures shall require: (a) The firm to obtain such information as it considers necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client. (Ref: Para. A21, A23)</td>
<td>• No changes identified</td>
<td>N/A</td>
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<td></td>
<td>(b) If a potential conflict of interest is identified in accepting an engagement from a new or an</td>
<td></td>
<td>N/A</td>
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<tr>
<td>IAASB Standards</td>
<td>Extant Paragraphs</td>
<td>Notes in Relation to the 2018 IESBA Code</td>
<td>Proposed Changes to the IAASB Standards</td>
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</table>
| ISQC 1 Paragraph 28 | The firm shall establish policies and procedures on continuing an engagement and the client relationship, addressing the circumstances where the firm obtains information that would have caused it to decline the engagement had that information been available earlier. Such policies and procedures shall include consideration of:  
(a) The professional and legal responsibilities that apply to the circumstances, including whether there is a requirement for the firm to report to the person or persons who made the appointment or, in some cases, to regulatory authorities; and  
(b) The possibility of withdrawing from the engagement or from both the engagement and the client relationship. (Ref: Para. A22–A23) | • No change identified | N/A | N/A |
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<thead>
<tr>
<th>IAASB Standards</th>
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<tr>
<td><strong>ISQC 1</strong></td>
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</table>
| Paragraph 38    | For audits of financial statements of listed entities, the firm shall establish policies and procedures to require the engagement quality control review to also include consideration of the following:  
(a) The engagement team’s evaluation of the firm’s independence in relation to the specific engagement;  
(b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and  
(c) Whether documentation selected for review reflects the work performed in relation to the significant judgments and supports the conclusions reached. (Ref: Para. A45–A46) | • N/A | N/A |
| Paragraph A7    | The IESBA Code establishes the fundamental principles of professional ethics, which include:  
(a) Integrity;  
(b) Objectivity;  
(c) Professional competence and due care;  
• Aligning with terminology used in the Code | The IESBA Code establishes the fundamental principles of professional ethics, which include:  
(a) Integrity;  
(b) Objectivity;  
(c) Professional competence and due care;  
(d) Confidentiality; and | 4 |
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<tr>
<th>IAASB Standards</th>
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<tr>
<td>Standard</td>
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<td>Proposed Change</td>
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<tr>
<td>(d) Confidentiality; and (e) Professional behavior.</td>
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<td></td>
<td>(e) Professional behavior. The fundamental principles of ethics establish the standard of behavior expected of a professional accountant.</td>
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</tbody>
</table>
| ISQC 1 Paragraph A8 | Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. It provides examples of safeguards that may be appropriate to address threats to compliance with the fundamental principles and also provides examples of situations where safeguards are not available to address the threats. | • Aligning with terminology used in the Code  
• Reflecting the structural changes to the Code | Part B of is to be applied in specific situations. It provides examples of safeguards that may be appropriate to address threats to compliance with the fundamental principles and also provides examples of situations where safeguards are not available to address the threats.  
The IESBA Code provides a conceptual framework that professional accountants are to apply in order to identify, evaluate and address threats to compliance with the fundamental principles. In the case of audits, reviews and other assurance engagements, the IESBA Code sets out International Independence Standards, which apply the conceptual framework of identifying, evaluating and addressing threats to the fundamental principles and compliance with independence requirements. | 1, 2 & 4 |
| ISQC 1 Paragraph A9 | The fundamental principles are reinforced in particular by:  
• The leadership of the firm; | • The Code refers to “breaches” of the Code. “Non- | The fundamental principles are reinforced in particular by:  
• The leadership of the firm; | 4 |
## IAASB Standards

### Notes in Relation to the 2018 IESBA Code

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<th>Category of change</th>
<th>Standard</th>
<th>Extant Paragraphs</th>
<th>Proposed Change</th>
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<tbody>
<tr>
<td>• Education and training;</td>
<td>ISQC 1</td>
<td>The definitions of “firm,” network” or “network firm” in relevant ethical requirements may differ from those set out in this ISQC. For example, the IESBA Code defines the “firm” as: (a) A sole practitioner, partnership or corporation of professional accountants; (b) An entity that controls such parties through ownership, management or other means; and (c) An entity controlled by such parties through ownership, management or other means. The IESBA Code also provides guidance in relation to the terms “network” and “network firm.” In complying with the requirements in paragraphs 20–25, the definitions used in the relevant ethical requirements apply in so</td>
<td>• No change identified</td>
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<tr>
<td>• Monitoring; and</td>
<td></td>
<td>compliance” is used to refer to laws and regulations</td>
<td>• Education and training; Monitoring; and A process for dealing with non-compliance.</td>
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<tr>
<td>• A process for dealing with non-compliance.</td>
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## IAASB Standards

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<tbody>
<tr>
<td>ISQC 1</td>
<td>Paragraph A11</td>
<td>Written confirmation may be in paper or electronic form. By obtaining confirmation and taking appropriate action on information indicating non-compliance, the firm demonstrates the importance that it attaches to independence and makes the issue current for, and visible to, its personnel.</td>
<td>• Aligning with terminology used by the IESBA Code. Written confirmation may be in paper or electronic form. By obtaining confirmation and taking appropriate action on information indicating a breach of non-compliance, the firm demonstrates the importance that it attaches to independence and makes the issue current for, and visible to, its personnel.</td>
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<tr>
<td>ISQC 1</td>
<td>Paragraph A12</td>
<td>Familiarity Threat (Ref: Para. 25). The IESBA Code discusses the familiarity threat that may be created by using the same senior personnel on an assurance engagement over a long period of time and the safeguards that might be appropriate to address such threats.</td>
<td>• Section 540 and 940 of the Code have been updated. Long Association with an Entity Familiarity Threat (Ref: Para. 25). The IESBA Code discusses the familiarity threats that may be created as a result of an individual’s long association with: • The entity and its operations; • The entity’s senior management; or • The underlying subject matter and subject matter information of the assurance engagement. by using the same senior personnel on an assurance engagement over a long period of time and the safeguards that might be appropriate to address such threats.</td>
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<td>IAASB Standards</td>
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<td>ISQC 1 Paragraph A13</td>
<td>Determining appropriate criteria to address familiarity threat may include matters such as: • The nature of the engagement, including the extent to which it involves a matter of public interest; and • The length of service of the senior personnel on the engagement. Examples of safeguards include rotating the senior personnel or requiring an engagement quality control review.</td>
<td>- Section 540 and 940 of the Code have been recently updated</td>
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<td>ISQC 1 Paragraph A14</td>
<td>The IESBA Code recognizes that the familiarity threat is particularly relevant in the context of financial statement audits of listed entities. For these audits, the IESBA Code requires the rotation of the key audit partner after a pre-defined period, normally no more than seven years, and provides</td>
<td>The IESBA Code requires the rotation of the engagement partner, the engagement quality control reviewer, and other key audit partners in respect of certain engagements. The IESBA Code recognizes that the familiarity threat is particularly relevant in the context of financial statement audits of listed entities. For these</td>
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<td>Related standards and guidance. National requirements may establish shorter rotation periods.</td>
<td></td>
<td>Audits, the IESBA Code requires the rotation of the key audit partner after a pre-defined period, normally no more than seven years, and provides related standards and guidance. National requirements may establish shorter rotation periods.</td>
<td>N/A</td>
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<tr>
<td>ISQC 1 Paragraph A15</td>
<td>Statutory measures may provide safeguards for the independence of public sector auditors. However, threats to independence may still exist regardless of any statutory measures designed to protect it. Therefore, in establishing the policies and procedures required by paragraphs 20–25, the public sector auditor may have regard to the public sector mandate and address any threats to independence in that context.</td>
<td>• No change identified</td>
<td>N/A</td>
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<td>ISQC 1 Paragraph A18</td>
<td>Consideration of whether the firm has the competence, capabilities, and resources to undertake a new engagement from a new or an existing client involves reviewing the specific requirements of the engagement and the existing partner and staff profiles at all relevant levels, and including whether:</td>
<td>• Paragraphs 320.3 A4 and 320.3 A5 explain factors that may be relevant in evaluating a threat and</td>
<td>N/A</td>
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<td>IAASB Standards</td>
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<tr>
<td>Standard</td>
<td>Extant Paragraphs</td>
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<td>• Firm personnel have knowledge of relevant industries or subject matters;</td>
<td>possible safeguards</td>
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<td>• Firm personnel have experience with relevant regulatory or reporting requirements, or the ability to gain the necessary skills and knowledge effectively;</td>
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<td>• The firm has sufficient personnel with the necessary competence and capabilities;</td>
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<td>• Experts are available, if needed;</td>
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<td>• Individuals meeting the criteria and eligibility requirements to perform engagement quality control review are available, where applicable; and</td>
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<td>• The firm is able to complete the engagement within the reporting deadline.</td>
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<td>ISQC 1 Paragraph A19</td>
<td>With regard to the integrity of a client, matters to consider include, for example:</td>
<td>• No similar guidance or requirements exist in the Code</td>
<td>N/A</td>
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<td></td>
<td>• The identity and business reputation of the client’s principal owners, key management, and those charged with its governance.</td>
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<td>• The nature of the client’s operations, including its business practices.</td>
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<td>IAASB Standards</td>
<td>Extant Paragraphs</td>
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<tr>
<td>Standard</td>
<td>Extant Paragraphs</td>
<td>Notes on related party risks and other matters</td>
<td>Proposed Change</td>
<td>Note</td>
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<tr>
<td>ISQC 1 Paragraph A20</td>
<td>Sources of information on such matters obtained by the firm may include the following:</td>
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<td>N/A</td>
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</table>

- Information concerning the attitude of the client’s principal owners, key management and those charged with its governance towards such matters as aggressive interpretation of accounting standards and the internal control environment.
- Whether the client is aggressively concerned with maintaining the firm’s fees as low as possible.
- Indications of an inappropriate limitation in the scope of work.
- Indications that the client might be involved in money laundering or other criminal activities.
- The reasons for the proposed appointment of the firm and non-reappointment of the previous firm.
- The identity and business reputation of related parties.

The extent of knowledge a firm will have regarding the integrity of a client will generally grow within the context of an ongoing relationship with that client.
<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>ISQC 1 Paragraph A21</td>
<td>Deciding whether to continue a client relationship includes consideration of significant matters that have arisen during the current or previous engagements, and • No change identified (see N/A)</td>
<td>enquiries of an existing or predecessor accountant when accepting an engagement, in the case of an audit or review. For other engagement types, this is optional as explained in paragraph 320.4 A4. This is broadly covered in the first bullet although it is noted that in ISA 220 this was more specifically explained as part of the conforming amendments in the NOCLAR project</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>IAASB Standards</td>
<td>Extant Paragraphs</td>
<td>Notes in Relation to the 2018 IESBA Code</td>
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</table>
| ISQC 1 Paragraph A22 | Policies and procedures on withdrawal from an engagement or from both the engagement and the client relationship address issues that include the following:  
  - Discussing with the appropriate level of the client’s management and those charged with its governance the appropriate action that the firm might take based on the relevant facts and circumstances.  
  - If the firm determines that it is appropriate to withdraw, discussing with the appropriate level of the client’s management and those charged with its governance withdrawal from the engagement or from both the engagement and the client relationship, and the reasons for the withdrawal.  
  - Considering whether there is a professional, legal or regulatory requirement for the firm to remain in place, or for the firm to report the   | paragraph R320.9) | • No change identified | N/A |

their implications for continuing the relationship. For example, a client may have started to expand its business operations into an area where the firm does not possess the necessary expertise.
<table>
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<tr>
<th>IAASB Standards</th>
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<th>Category of change</th>
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</thead>
</table>
| ISQC 1 Paragraph A25 | Competence can be developed through a variety of methods, including the following:  
• Professional education.  
• Continuing professional development, including training.  
• Work experience.  
• Coaching by more experienced staff, for example, other members of the engagement team.  
• Independence education for personnel who are required to be independent. | • N/A | N/A | N/A |
| ISQC 1 Paragraph A51 | In the public sector, a statutorily appointed auditor (for example, an Auditor General, or other suitably qualified person appointed on behalf of the Auditor General) may act in a role equivalent to that of engagement partner with overall responsibility for public sector | • N/A | N/A | N/A |
### IAASB Standards

<table>
<thead>
<tr>
<th>Standard</th>
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<tbody>
<tr>
<td>ISQC 1</td>
<td>Paragraph A56</td>
<td>Relevant ethical requirements establish an obligation for the firm’s personnel to observe at all times the confidentiality of information contained in engagement documentation, unless specific client authority has been given to disclose information, or there are responsibilities under law, regulation or relevant ethical requirements to do so. Specific laws or regulations may impose additional obligations on the firm’s personnel to maintain client confidentiality, particularly where data of a personal nature are concerned.</td>
<td>Update footnote reference</td>
<td>1</td>
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<tr>
<td>ISQC 1</td>
<td>Paragraph A63</td>
<td>N/A</td>
<td>N/A</td>
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</table>

1. See, for example, paragraphs R114.1, 114.1 A1 and R360.26, Section 140.7 and Section 225.35 of the IESBA Code.
<table>
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<th>IAASB Standards</th>
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<tr>
<td></td>
<td>clients, provided such disclosure does not undermine the validity of the work performed, or, in the case of assurance engagements, the independence of the firm or its personnel.</td>
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<td>• N/A</td>
<td>N/A</td>
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<tr>
<td>ISQC 1</td>
<td>Ongoing consideration and evaluation of the system of quality control include matters such as the following:</td>
<td></td>
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<td>N/A</td>
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<tr>
<td>Paragraph A65</td>
<td>• Analysis of:</td>
<td></td>
<td>• N/A</td>
<td>N/A</td>
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<td></td>
<td>○ New developments in professional standards and applicable legal and regulatory requirements, and how they are reflected in the firm’s policies and procedures where appropriate;</td>
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<td>○ Written confirmation of compliance with policies and procedures on independence;</td>
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<td>○ Continuing professional development, including training; and</td>
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<td>○ Decisions related to acceptance and continuance of client relationships and specific engagements.</td>
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<td><strong>ISQC 1</strong></td>
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<tr>
<td>Paragraph A73</td>
<td>The form and content of documentation</td>
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<td>evidencing the operation of each of</td>
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<td>the elements of the system of quality</td>
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<td>control is a matter of judgment and</td>
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<td>depends on a number of factors,</td>
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<td>including the following:</td>
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<td>• The size of the firm and the number</td>
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<td>of offices.</td>
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<td>• The nature and complexity of the</td>
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<td>firm’s practice and organization.</td>
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<td>For example, large firms may use</td>
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<td>electronic databases to document</td>
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<td>matters such as independence</td>
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<td>confirmations, performance</td>
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<td>evaluations and the results of</td>
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<td>monitoring inspections.</td>
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<td><strong>ISA 200</strong></td>
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<tr>
<td>Paragraph 14</td>
<td>The auditor shall comply with relevant</td>
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<td>ethical requirements, including those</td>
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<td>pertaining to independence, relating</td>
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<td>to financial statement audit engagements.</td>
<td>Ref: Para. A16–A19</td>
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<td><strong>ISA 200</strong></td>
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<td>Paragraph A5</td>
<td>The applicable financial reporting</td>
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<td>framework often encompasses financial</td>
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<td>reporting standards established by an</td>
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<td>authorized or recognized standards</td>
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<td>setting organization, or legislative</td>
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<td>or regulatory requirements. In some</td>
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<td>cases, the financial reporting</td>
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<td>framework may encompass both financial</td>
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- N/A
- No changes identified

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### EXPOSURE DRAFT: PROPOSED CHANGES TO THE IAASB STANDARDS AS A RESULT OF THE REVISED IESBA CODE

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| ISA 200 Paragraph A16 | Where conflicts exist between the financial reporting framework and the sources from which direction on its application may be obtained, or among the sources that encompass the financial reporting framework, the source with the highest authority prevails. | • Update references to the Code  
• Remove references to the parts so that Code is referenced holistically | 1 & 3 |
| ISA 200 Paragraph A17 | The auditor is subject to relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements. Relevant ethical requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) related to an audit of financial statements together with national requirements that are more restrictive. | • Aligning with terminology used in the Code and to reflect the structural changes to the Code (also refer comments in Part A of IESBA Code)  
|                  |                                          | The auditor is subject to relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements. Relevant ethical requirements ordinarily comprise the provisions Parts A and B of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) related to an audit of financial statements, together with national requirements that are more restrictive. | 1 & 4 |

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<td>(b) Objectivity;</td>
<td>paragraph A7 of ISQC 1)</td>
<td>(c) Professional competence and due care;</td>
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<tr>
<td>(c) Professional competence and due care;</td>
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<td>(d) Confidentiality; and</td>
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<tr>
<td>(d) Confidentiality; and</td>
<td></td>
<td>(e) Professional behavior.</td>
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<td>(e) Professional behavior.</td>
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<td>Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations.</td>
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<td>The fundamental principles of ethics establish the standard of behavior expected of a professional accountant.</td>
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<td>The IESBA Code provides a conceptual framework that professional accountants are to apply in order to identify, evaluate and address threats to compliance with the fundamental principles. In the case of audits, reviews and other assurance engagements, the IESBA Code sets out International Independence Standards, which apply the conceptual framework of identifying, evaluating and addressing threats to the fundamental principles and compliance with independence requirements.</td>
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<tr>
<td>ISA 200 Paragraph A18</td>
<td>In the case of an audit engagement it is in the public interest and, therefore, required by the IESBA Code, that the auditor be independent of the entity subject to the audit. The IESBA Code describes independence as comprising both independence of mind and independence in appearance. The auditor’s independence from the entity safeguards the auditor’s</td>
<td>• No changes identified (see paragraph 400.1, 400.5)</td>
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### IAASB Standards

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<td>ISA 200</td>
<td>International Standard on Quality Control (ISQC) 1, or national requirements that are at least as demanding, deal with the firm’s responsibilities to establish and maintain its system of quality control for audit engagements. ISQC 1 sets out the responsibilities of the firm for establishing policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements, including those pertaining to independence. ISA 220 sets out the engagement partner’s responsibilities with respect to relevant ethical requirements. These include remaining alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team, determining the appropriate action if matters come to the engagement partner’s attention that indicate that members of the engagement team have not complied with relevant ethical requirements.</td>
<td>- The Code refers to breaches, rather than non-compliance</td>
<td>International Standard on Quality Control (ISQC) 1, or national requirements that are at least as demanding, deal with the firm’s responsibilities to establish and maintain its system of quality control for audit engagements. ISQC 1 sets out the responsibilities of the firm for establishing policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements, including those pertaining to independence. ISA 220 sets out the engagement partner’s responsibilities with respect to relevant ethical requirements. These include remaining alert, through observation and making inquiries as necessary, for evidence of non-compliance with breaches of relevant ethical requirements by members of the engagement team, determining the appropriate action if matters come to the engagement partner’s attention that indicate that members of the engagement team have not complied with breached relevant ethical requirements, and forming a conclusion on compliance with independence requirements that apply to the</td>
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<td><strong>ISA 200</strong></td>
<td><strong>Paragraph A25</strong></td>
<td>audit engagement. ISA 220 recognizes that the engagement team is entitled to rely on a firm’s system of quality control in meeting its responsibilities with respect to quality control procedures applicable to the individual audit engagement, unless information provided by the firm or other parties suggests otherwise.</td>
<td>N/A</td>
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<tr>
<td>Professional judgment is essential to the proper conduct of an audit. This is because interpretation of relevant ethical requirements and the ISAs and the informed decisions required throughout the audit cannot be made without the application of relevant knowledge and experience to the facts and circumstances. Professional judgment is necessary in particular regarding decisions about: …</td>
<td>• Paragraphs 120.5 A1 to 120.5 A4 explains the exercise of professional judgment in the context of the Code. This is new application material from the extant Code. It explains how the professional accountant applies professional judgment. No</td>
<td>N/A</td>
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<tr>
<td><strong>IAASB Standards</strong></td>
<td><strong>Extant Paragraphs</strong></td>
<td>ethical requirements, and forming a conclusion on compliance with independence requirements that apply to the audit engagement. ISA 220 recognizes that the engagement team is entitled to rely on a firm’s system of quality control in meeting its responsibilities with respect to quality control procedures applicable to the individual audit engagement, unless information provided by the firm or other parties suggests otherwise.</td>
<td>N/A</td>
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<tr>
<td>ISA 200 Paragraph A26</td>
<td>The distinguishing feature of the professional judgment expected of an auditor is that it is exercised by an auditor whose training, knowledge and experience have assisted in developing the necessary competencies to achieve reasonable judgments.</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>ISA 210 Paragraph A1</td>
<td>Assurance engagements, which include audit engagements, may only be accepted when the practitioner considers that relevant ethical requirements such as independence and professional competence will be satisfied, and when the engagement exhibits certain characteristics.(^7) The auditor’s responsibilities in respect of ethical requirements in the context of the acceptance of an audit engagement and in so far as they are within the control of the auditor are dealt with in ISA 220.(^8) This ISA</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
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| ISA 210 Paragraph A26 | When relevant, the following points could also be made in the audit engagement letter:  
   - Arrangements concerning the involvement of other auditors and experts in some aspects of the audit.  
   - Arrangements concerning the involvement of internal auditors and other staff of the entity.  
   - Arrangements to be made with the predecessor auditor, if any, in the case of an initial audit.  
   - A reference to, and description of, the auditor’s responsibilities under law, regulation or relevant ethical requirements that address reporting identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity. | No changes identified | N/A |
|                | 7 International Framework for Assurance Engagements, paragraph 17  
7 ISA 220, paragraphs 9–11 | | |

7 International Framework for Assurance Engagements, paragraph 17
8 ISA 220, paragraphs 9–11
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<td>ISA 210 Appendix 1</td>
<td>Example of an Audit Engagement Letter […] [The responsibilities of the auditor] We will conduct our audit in accordance with ISAs. Those standards require that we comply with ethical requirements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:</td>
<td>• Any restriction of the auditor’s liability when such possibility exists. • A reference to any further agreements between the auditor and the entity. • Any obligations to provide audit working papers to other parties. An example of an audit engagement letter is set out in Appendix 1.</td>
<td>• No change identified</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 220 Paragraph 3</td>
<td>Within the context of the firm’s system of quality control, engagement teams have a responsibility to implement quality control procedures that are applicable to the audit engagement and provide the firm with relevant information to enable the</td>
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<td>• N/A</td>
<td>N/A</td>
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| ISA 220 Paragraph 7(n) | For purposes of the ISAs, the following terms have the meanings attributed below: ...  
(n) Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) related to an audit of financial statements together with national requirements that are more restrictive. ... | • Update title and references to the Code  
• Parts A, B and C have been renamed and there are now International Independence Standards (Parts 4A and 4B)  
For purposes of the ISAs, the following terms have the meanings attributed below: ...  
Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject when undertaking an audit engagement, which ordinarily comprise the provisions of Parts A and B of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) related to an audit of financial statements, together with national requirements that are more restrictive. ... | 1 & 3 |
<p>| ISA 220 Paragraph 9 | Throughout the audit engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team. (Ref: Para. A4–A5) | • The Code refers to breaches, rather than non-compliance. Perhaps this is a better phrase, also given the more recent | Throughout the audit engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of breaches of non-compliance with relevant ethical requirements by members of the engagement team. (Ref: Para. A4–A5) | 4 |</p>
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<td>ISA 220</td>
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<td>introduction of non-compliance in the Code that has another meaning</td>
<td>If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action. (Ref: Para. A5)</td>
<td>4</td>
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<td>If matters come to the engagement partner's attention through the firm’s system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action. (Ref: Para. A5)</td>
<td>• The Code refers to breaches, rather than non-compliance</td>
<td>If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action. (Ref: Para. A5)</td>
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<td>ISA 220</td>
<td>The engagement partner shall form a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, the engagement partner shall: (Ref: Para. A5)</td>
<td>• The revised Code describes threats to compliance differently • Paragraph R120.6, R120.7 and R120.10 have been amended from the extant Code, in particular in relation to how identified threats are addressed</td>
<td>The engagement partner shall form a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, the engagement partner shall: (Ref: Para. A5) (a) Obtain relevant information from the firm and, where applicable, network firms, to identify and evaluate circumstances and relationships that create threats to independence; (b) Evaluate information on identified breaches, if any, of the firm’s independence policies and procedures to determine whether they create a threat to independence for the audit engagement; and</td>
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<td>ISA 220</td>
<td>The engagement partner shall be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and audit engagements have been followed, and shall determine that conclusions reached in this regard are appropriate. (Ref: Para. A8–A10)</td>
<td>• No change identified (see Section 320)</td>
<td>N/A</td>
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<td>Paragraph 12</td>
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<td>ISA 220</td>
<td>If the engagement partner obtains information that would have caused the firm to decline the audit engagement had that information been available earlier, the engagement partner shall communicate that information promptly to the firm, so that</td>
<td>• No change identified (see paragraph 320.9)</td>
<td>N/A</td>
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<td>Paragraph 13</td>
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<td>ISA 220 Paragraph 21</td>
<td>For audits of financial statements of listed entities, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following: &lt;br&gt; (a) The engagement team’s evaluation of the firm’s independence in relation to the audit engagement; &lt;br&gt; (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and &lt;br&gt; (c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgments and supports the conclusions reached. (Ref: Para. A29–A32)</td>
<td>• N/A</td>
<td>N/A</td>
<td>N/A</td>
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<td>ISA 220 Paragraph 24</td>
<td>The auditor shall include in the audit documentation:⁵ &lt;br&gt; (a) Issues identified with respect to compliance with relevant ethical</td>
<td>• No change identified</td>
<td>N/A</td>
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| ISA 220 Paragraph A2 | Unless information provided by the firm or other parties suggest otherwise, the engagement team may rely on the firm’s system of quality control in relation to, for example:  
- Competence of personnel through their recruitment and formal training.  
- Independence through the accumulation and communication of relevant independence information. | N/A | N/A | N/A |
| ISA 230, Audit Documentation, paragraphs 8-11, and A6 | requirements and how they were resolved.  
(b) Conclusions on compliance with independence requirements that apply to the audit engagement, and any relevant discussions with the firm that support these conclusions.  
(c) Conclusions reached regarding the acceptance and continuance of client relationships and audit engagements.  
(d) The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the audit engagement. (Ref: Para. A37) | | | |
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| ISA 220 Paragraph A4 | • Maintenance of client relationships through acceptance and continuance systems.  
• Adherence to applicable legal and regulatory requirements through the monitoring process. | | • Refer to comments in paragraph A7 of ISQC 1 | 4 |
| ISA 220 Paragraph A5 | The IESBA Code establishes the fundamental principles of professional ethics, which include:  
(a) Integrity;  
(b) Objectivity;  
(c) Professional competence and due care;  
(d) Confidentiality; and  
(e) Professional behavior. | | The IESBA Code establishes the fundamental principles of professional ethics which include:  
(a) Integrity;  
(b) Objectivity;  
(c) Professional competence and due care;  
(d) Confidentiality; and  
(e) Professional behavior.  
The fundamental principles of ethics establish the standard of behavior expected of a professional accountant. | N/A |
<p>| No change identified | N/A |  |  |  |</p>
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<td>(a) A sole practitioner, partnership or corporation of professional accountants;</td>
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<td>(b) An entity that controls such parties through ownership, management or other means; and</td>
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<td>(c) An entity controlled by such parties through ownership, management or other means.</td>
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<td>The IESBA Code also provides guidance in relation to the terms “network” and “network firm.”</td>
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<td>In complying with the requirements in paragraphs 9–11, the definitions used in the relevant ethical requirements apply in so far as is necessary to interpret those ethical requirements.</td>
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<td>ISA 220 Paragraph A6</td>
<td>The engagement partner may identify a threat to independence regarding the audit engagement that safeguards may not be able to eliminate or reduce to an acceptable level. In that case, as required by paragraph 11(c), the engagement partner reports to the relevant person(s) within the firm to determine appropriate action, which may include eliminating the activity or interest that creates the threat, or withdrawing from the audit</td>
<td></td>
<td>The engagement partner may identify a threat to independence regarding the audit engagement that safeguards may not be able to eliminate or reduce to an acceptable level. In that case, as required by paragraph 11(c), the engagement partner reports to the relevant person(s) within the firm to determine the appropriate action, which may include eliminating the circumstance that is creating activity or interest that creates the threat, or withdrawing from the audit</td>
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### Notes in Relation to the 2018 IESBA Code

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<tbody>
<tr>
<td><strong>ISA 220</strong></td>
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<tr>
<td>Paragraph A7</td>
<td>the audit engagement, where withdrawal is possible under applicable law or regulation.</td>
<td>engagement, where withdrawal is possible under applicable law or regulation.</td>
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<tr>
<td>Paragraph A8</td>
<td>ISQC 1 requires the firm to obtain information considered necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client. Information such as the following assists the engagement partner in</td>
<td>• No changes identified (see Section 320)</td>
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</table>

- **STATUTORY MEASURES MAY PROVIDE SAFEGUARDS FOR THE INDEPENDENCE OF PUBLIC SECTOR AUDITORS.** However, public sector auditors or audit firms carrying out public sector audits on behalf of the statutory auditor may, depending on the terms of the mandate in a particular jurisdiction, need to adapt their approach in order to promote compliance with the spirit of paragraph 11. This may include, where the public sector auditor’s mandate does not permit withdrawal from the engagement, disclosure through a public report, of circumstances that have arisen that would, if they were in the private sector, lead the auditor to withdraw.

- **NO CHANGES IDENTIFIED**

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<thead>
<tr>
<th>Category of change</th>
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<tbody>
<tr>
<td><strong>N/A</strong></td>
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</table>
| ISA 220 Paragraph A9 | Determining whether the conclusions reached regarding the acceptance and continuance of client relationships and audit engagements are appropriate:  
- The integrity of the principal owners, key management and those charged with governance of the entity;  
- Whether the engagement team is competent to perform the audit engagement and has the necessary capabilities, including time and resources;  
- Whether the firm and the engagement team can comply with relevant ethical requirements; and  
- Significant matters that have arisen during the current or previous audit engagement, and their implications for continuing the relationship. | - Update footnote paragraph references  
- No other changes identified | 7 See, for example, paragraph R320.8 Sections 210.14 of the IESBA Code.  
8 See, for example, paragraph R360.22 Sections 225.34 of the IESBA Code. | 1 |
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<td><strong>Proposed Changes to the IAASB Standards</strong></td>
<td><strong>Category of change</strong></td>
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<td></td>
<td>the predecessor auditor may be required, on request by the proposed successor auditor, to provide information regarding identified or suspected non-compliance with laws and regulations to the proposed successor auditor. For example, where the predecessor auditor has withdrawn from the engagement as a result of identified or suspected non-compliance with laws and regulations, the IESBA Code requires that the predecessor auditor, on request by a proposed successor auditor, provides all such facts and other information concerning such non-compliance that, in the predecessor auditor’s opinion, the proposed successor auditor needs to be aware of before deciding whether to accept the audit appointment.(^8)</td>
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<td></td>
<td>See, for example, Sections 210.14 of the IESBA Code.</td>
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<td></td>
<td>See, for example, Sections 225.31 of the IESBA Code.</td>
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<tr>
<td>ISA 220</td>
<td>In the public sector, a statutorily appointed auditor (for example, an Auditor General, or other suitably qualified person appointed on behalf of the Auditor General), may act in a role equivalent to that of engagement partner with overall responsibility for public sector audits. In such circumstances, where</td>
<td></td>
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<tr>
<td>Paragraph A32</td>
<td></td>
<td>N/A</td>
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\(^{8}\) See, for example, Sections 225.31 of the IESBA Code.
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<tbody>
<tr>
<td>ISA 240 Paragraph 9</td>
<td>applicable, the selection of the engagement quality control reviewer includes consideration of the need for independence from the audited entity and the ability of the engagement quality control reviewer to provide an objective evaluation.</td>
<td></td>
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<td>N/A</td>
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<tr>
<td></td>
<td>The auditor may have additional responsibilities under law, regulation or relevant ethical requirements regarding an entity’s non-compliance with laws and regulations, including fraud, which may differ from or go beyond this and other ISAs, such as: (Ref: Para. A6)</td>
<td></td>
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<td>N/A</td>
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<td></td>
<td>(a) Responding to identified or suspected non-compliance with laws and regulations, including requirements in relation to specific communications with management and those charged with governance, assessing the appropriateness of their response to non-compliance and determining whether further action is needed;</td>
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<td>N/A</td>
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<td>(b) Communicating identified or suspected non-compliance with laws and regulations to other auditors (e.g., in an audit of group financial statements); and</td>
<td></td>
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<td></td>
<td>• No changes identified – see section 360</td>
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<td>N/A</td>
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<tr>
<td>ISA 240 Paragraph 44</td>
<td>(c) Documentation requirements regarding identified or suspected non-compliance with laws and regulations. Complying with any additional responsibilities may provide further information that is relevant to the auditor’s work in accordance with this and other ISAs (e.g., regarding the integrity of management or, where appropriate, those charged with governance).</td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 240 Paragraph A6</td>
<td>If the auditor has identified or suspects a fraud, the auditor shall determine whether law, regulation or relevant ethical requirements: (Ref: Para. A67–A69) (a) Require the auditor to report to an appropriate authority outside the entity. (b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.</td>
<td>No changes identified – see paragraphs R360.21, 360.21 A1, 360.25 A1–R360.26</td>
<td>N/A</td>
<td>1 &amp; 3</td>
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### IAASB Standards

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<td></td>
<td>by the International Ethics Standards Board for Accountants (IESBA Code) requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed. Such steps may include the communication of identified or suspected non-compliance with laws and regulations to other auditors within a group, including a group engagement partner, component auditors or other auditors performing work at components of a group for purposes other than the audit of the group financial statements. ¹⁵</td>
<td>paragraph R360.10–R360.28</td>
<td>Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed. Such steps may include the communication of identified or suspected non-compliance with laws and regulations to other auditors within a group, including a group engagement partner, component auditors or other auditors performing work at components of a group for purposes other than the audit of the group financial statements. ¹⁵</td>
<td>N/A</td>
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</table>

¹⁵ See, for example, Sections 225.21–225.22 of the IESBA Code.

ISA 240

| Paragraph A57 | The auditor has professional and legal responsibilities in such circumstances and these responsibilities may vary by country. In some countries, for example, the auditor may be entitled to, or required to, make a statement or report to the person or persons who made the audit appointment or, in some cases, to regulatory authorities. Given the exceptional nature of the circumstances and the need to consider the legal requirements, the auditor may consider it appropriate to seek legal advice when deciding whether to withdraw from an audit. | • No changes identified | N/A |

¹⁵ See, for example, paragraphs R360.16–360.18 A1 Sections 225.21–225.22 of the IESBA Code.
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<td><strong>Proposed Change</strong></td>
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<tr>
<td>ISA 240</td>
<td>engagement and in determining an appropriate course of action, including the possibility of reporting to shareholders, regulators or others.(^ {24} )</td>
<td>• No changes identified</td>
<td>N/A</td>
</tr>
<tr>
<td>Paragraph A67</td>
<td>The IESBA Code provides guidance on communications with an auditor replacing the existing auditor.</td>
<td></td>
<td>N/A</td>
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<tr>
<td>ISA 240</td>
<td>ISA 250 (Revised)(^ {27} ) provides further guidance with respect to the auditor’s determination of whether reporting identified or suspected non-compliance with laws or regulations to an appropriate authority outside the entity is required or appropriate in the circumstances, including consideration of the auditor’s duty of confidentiality.</td>
<td>• No changes identified</td>
<td>N/A</td>
</tr>
<tr>
<td>Paragraph A68</td>
<td>The determination required by paragraph 44 may involve complex considerations and professional judgments. Accordingly, the auditor may consider consulting internally (e.g., within the firm or a network firm) or on a confidential basis with a regulator or professional body (unless doing so is prohibited by law or regulation or would breach the duty of confidentiality).</td>
<td>• No changes identified</td>
<td>N/A</td>
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</table>

\(^ {24} \) The IESBA Code provides guidance on communications with an auditor replacing the existing auditor.

\(^ {27} \) ISA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements, paragraphs A28-A34.
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<tr>
<td>ISA 250 (Revised) Paragraph 3</td>
<td>auditor may also consider obtaining legal advice to understand the auditor’s options and the professional or legal implications of taking any particular course of action.</td>
<td>• No changes identified – see paragraph 360.8 A1</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 250 (Revised) Paragraph 6</td>
<td>It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity’s operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity’s financial statements.</td>
<td>• No changes identified – see paragraph 360.3</td>
<td>N/A</td>
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</table>
| **ISA 250 (Revised)**  
Paragraph 9  
(Ref: Para. A13) | The auditor may have additional responsibilities under law, regulation or relevant ethical requirements regarding an entity’s non-compliance with laws and regulations, which may differ from or go beyond this ISA, such as: (Ref: Para. A8)  
(a) Responding to identified or suspected non-compliance with laws and regulations, including requirements in relation to specific communications with management and those charged with governance, assessing the appropriateness of |  
- No changes identified – see section 360 | N/A | N/A |
### IAASB Standards

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<td>ISA 250 (Revised) Paragraph 12</td>
<td>their response to non-compliance and determining whether further action is needed; (b) Communicating identified or suspected non-compliance with laws and regulations to other auditors (e.g., in an audit of group financial statements); and (c) Documentation requirements regarding identified or suspected non-compliance with laws and regulations. Complying with any additional responsibilities may provide further information that is relevant to the auditor’s work in accordance with this and other ISAs (e.g., regarding the integrity of management or, where appropriate, those charged with governance).</td>
<td></td>
<td>No changes identified – see paragraph 360.5 A1 and 360.7 A3</td>
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<tr>
<td>ISA 250 (Revised) Paragraph 29</td>
<td>compliance does not include personal misconduct unrelated to the business activities of the entity. (Ref: Para. A9–A10)</td>
<td></td>
<td>• No changes identified – see paragraphs R360.21, 360.21 A1, 360.25 A1–R360.26</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 250 (Revised) Paragraph A6</td>
<td>If the auditor has identified or suspects non-compliance with laws and regulations, the auditor shall determine whether law, regulation or relevant ethical requirements: (Ref: Para. A28–A34) (a) Require the auditor to report to an appropriate authority outside the entity. (b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.</td>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 250 (Revised) Paragraph A6</td>
<td>The nature and circumstances of the entity may impact whether relevant laws and regulations are within the categories of laws and regulations described in paragraphs 6(a) or 6(b). Examples of laws and regulations that may be included in the categories described in paragraph 6 include those that deal with: • Fraud, corruption and bribery. • Money laundering, terrorist financing and proceeds of crime. • Securities markets and trading.</td>
<td></td>
<td>• No changes identified – see paragraph 360.5 A2</td>
<td>N/A</td>
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<td>Extant Paragraphs</td>
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</table>
| ISA 250 (Revised) Paragraph A8 | Law, regulation or relevant ethical requirements may require the auditor to perform additional procedures and take further actions. For example, the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed. Such steps may include the communication of identified or suspected non-compliance with laws and regulations to other auditors within a group, including a group engagement partner, component auditors or other auditors performing work at components of a group for purposes other than the audit of the group financial statements.¹¹ | - Update title and references to the Code  
- No other change identified – see paragraph R360.10–R360.28 | Law, regulation or relevant ethical requirements may require the auditor to perform additional procedures and take further actions. For example, the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed. Such steps may include the communication of identified or suspected non-compliance with laws and regulations to other auditors within a group, including a group engagement partner, component auditors or other auditors performing work at components of a group for purposes | 1 & 3 |
## Notes in Relation to the 2018 IESBA Code

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<td><strong>Category of change</strong></td>
</tr>
<tr>
<td>ISA 250 (Revised) Paragraph A9</td>
<td>Acts of non-compliance with laws and regulations include transactions entered into by, or in the name of, the entity, or on its behalf, by those charged with governance, by management or by other individuals working for or under the direction of the entity.</td>
<td>• No changes identified – see paragraph 360.5 A1</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 250 (Revised) Paragraph A10</td>
<td>Non-compliance also includes personal misconduct related to the business activities of the entity, for example, in circumstances where an individual in a key management position, in a personal capacity, has accepted a bribe from a supplier of the entity and in return secures the appointment of the supplier to provide services or contracts to the entity.</td>
<td>• No changes identified (no corresponding paragraph)</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 250 (Revised) Paragraph A25</td>
<td>In certain circumstances, the auditor may consider withdrawing from the engagement, where permitted by law or regulation, for example when management or those charged with governance do not take the remedial action that the auditor considers appropriate in the circumstances or the identified or suspected non-compliance</td>
<td>• No changes identified – see paragraphs 360.20 A1 – 360.21 A2</td>
<td>N/A</td>
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<tr>
<td><strong>ISA 250 (Revised)</strong> Paragraph A29</td>
<td>raises questions regarding the integrity of management or those charged with governance, even when the non-compliance is not material to the financial statements. The auditor may consider it appropriate to obtain legal advice to determine whether withdrawal from the engagement is appropriate. When the auditor determines that withdrawing from the engagement would be appropriate, doing so would not be a substitute for complying with other responsibilities under law, regulation or relevant ethical requirements to respond to identified or suspected non-compliance. Furthermore, paragraph A9 of ISA 220(^{14}) indicates that some ethical requirements may require the predecessor auditor, upon request by the proposed successor auditor, to provide information regarding non-compliance with laws and regulations to the successor auditor.</td>
<td>• No changes identified – see paragraphs R360.6</td>
<td>N/A</td>
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14 ISA 220, Quality Control for an Audit of Financial Statements
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| ISA 250 (Revised) Paragraph A30 | outside the entity. For example, in some jurisdictions, statutory requirements exist for the auditor of a financial institution to report the occurrence, or suspected occurrence, of non-compliance with laws and regulations to a supervisory authority. Also, misstatements may arise from non-compliance with laws or regulations and, in some jurisdictions, the auditor may be required to report misstatements to an appropriate authority in cases where management or those charged with governance fail to take corrective action. | **Update footnote references**  
**No other changes identified** – see paragraphs 360.21 A1, 360.25 A1–360.227, R114.1, R115.1 A1 and R360.26 | 1 |

17 See, for example, paragraphs 360.21 A1 and 360.25 A1–R360.27 Section 225.29 and Sections 225.33–225.36 of the IESBA Code.

18 See, for example, paragraphs R114.1–R114.1 A1 and R360.26–Section 140.7 and Section 225.38 of the IESBA Code.
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<td>ISA 250 (Revised) Paragraph A32</td>
<td>In other circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the auditor’s duty of confidentiality under law, regulation or relevant ethical requirements.</td>
<td>No changes identified – see paragraphs R360.6 and 360.25 A1</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 250 (Revised) Paragraph A33</td>
<td>The determination required by paragraph 29 may involve complex considerations and professional judgments. Accordingly the auditor may consider consulting internally (e.g., within the firm or a network firm) or on a confidential basis with a regulator or professional body (unless doing so is prohibited by law or regulation or would breach the duty of confidentiality). The auditor may also consider obtaining legal advice to understand the auditor’s options and the professional or legal implications of taking any particular course of action.</td>
<td>No changes identified – see paragraph 360.24 A1</td>
<td>N/A</td>
</tr>
<tr>
<td>IAASB Standards</td>
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<tr>
<td>ISA 250 (Revised) Paragraph A36</td>
<td>Law, regulation or relevant ethical requirements may also set out additional documentation requirements regarding identified or suspected non-compliance with laws and regulations.(^{19}) 19 See, for example, Section 225.37 of the IESBA Code.</td>
<td>• Update footnote reference  • No other changes identified – see paragraph R360.28</td>
<td>19 See, for example, Section 225.37 paragraph R360.28 of the IESBA Code.</td>
</tr>
<tr>
<td>ISA 260 (Revised) Paragraph 4</td>
<td>This ISA focuses primarily on communications from the auditor to those charged with governance. Nevertheless, effective two-way communication is important in assisting:  (a) The auditor and those charged with governance in understanding matters related to the audit in context, and in developing a constructive working relationship. This relationship is developed while maintaining the auditor’s independence and objectivity;  (b) The auditor in obtaining from those charged with governance information relevant to the audit. For example, those charged with governance may assist the auditor in understanding the entity and its environment, in identifying appropriate sources of audit evidence, and in providing</td>
<td>• N/A</td>
<td>N/A</td>
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<td>IAASB Standards</td>
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<tr>
<td>ISA 260 (Revised) Paragraph 11</td>
<td>The auditor shall determine the appropriate person(s) within the entity's governance structure with whom to communicate. (Ref: Para. A1–A4)</td>
<td>(c) Those charged with governance in fulfilling their responsibility to oversee the financial reporting process, thereby reducing the risks of material misstatement of the financial statements. Similar requirements exist in the Code regarding communication with those charged with governance in paragraph R300.9 – R300.10 A1. These are substantially similar to the ISA.</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 260 (Revised) Paragraph 12</td>
<td>If the auditor communicates with a subgroup of those charged with governance, for example, an audit committee, or an individual, the auditor shall determine whether the auditor also needs to communicate with the governing body. (Ref: Para. A5–A7)</td>
<td>Similar requirements exist in the Code regarding communication with those charged with</td>
<td>N/A</td>
</tr>
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<tr>
<td>ISA 260 (Revised) Paragraph 13</td>
<td>In some cases, all of those charged with governance are involved in managing the entity, for example, a small business where a single owner manages the entity and no one else has a governance role. In these cases, if matters required by this ISA are communicated with person(s) with management responsibilities, and those person(s) also have governance responsibilities, the matters need not be communicated again with those same person(s) in their governance role. These matters are noted in paragraph 16(c). The auditor shall nonetheless be satisfied that communication with person(s) with management responsibilities adequately informs all of those with whom the auditor would otherwise communicate in their governance capacity. (Ref: Para. A8)</td>
<td>Similar requirements exist in the Code regarding communication with those charged with governance in paragraph R300.9 – R300.10 A1. These are substantially similar to the ISA.</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 260 (Revised) Paragraph 17</td>
<td>In the case of listed entities, the auditor shall communicate with those charged with governance:</td>
<td>• Paragraph R120.6, R120.7 and R120.10 have been</td>
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</tr>
<tr>
<td>IAASB Standards</td>
<td>Notes in Relation to the 2018 IESBA Code</td>
<td>Proposed Changes to the IAASB Standards</td>
<td>Category of change</td>
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</tr>
<tr>
<td>Standard</td>
<td>Extant Paragraphs</td>
<td>Proposed Change</td>
<td></td>
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<tr>
<td>(a)</td>
<td>A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and</td>
<td>(a) A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and</td>
<td></td>
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<tr>
<td>(i)</td>
<td>All relationships and other matters between the firm, network firms, and the entity that, in the auditor’s professional judgment, may reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and</td>
<td>(i) All relationships and other matters between the firm, network firms, and the entity that, in the auditor’s professional judgment, reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and</td>
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<td>amended from the extant Code, in particular in relation to how identified threats are addressed.</td>
<td>(ii) In respect of threats to independence that are not at an acceptable level, the actions taken to address the threat, including actions that were taken to eliminate such threats, or any related safeguards that have been applied to eliminate identified threats to an acceptable level. (Ref: Para. A29–A32)</td>
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</tr>
<tr>
<td>IAASB Standards</td>
<td>Extant Paragraphs</td>
<td>Notes in Relation to the 2018 IESBA Code</td>
<td>Proposed Changes to the IAASB Standards</td>
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</tr>
<tr>
<td>ISA 260 (Revised) Paragraph 20</td>
<td>(ii) The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level. (Ref: Para. A29–A32)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISA 260 (Revised) Paragraph A29</td>
<td>The auditor shall communicate in writing with those charged with governance regarding auditor independence when required by paragraph 17.</td>
<td>• N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 260 (Revised) Paragraph A29</td>
<td>The auditor is required to comply with relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements.(^{24})</td>
<td>• No changes identified</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 260 (Revised) Paragraph A30</td>
<td>The relationships and other matters, and safeguards to be communicated, vary with the circumstances of the engagement, but generally address: (a) Threats to independence, which may be categorized as: self-interest threats, self-review threats, advocacy threats, familiarity threats, and intimidation threats; and</td>
<td>• Paragraph R120.6, R120.7 and R120.10 have been amended from the extant Code, in particular in relation to how</td>
<td>The communication about relationships and other matters, and how threats to independence that are not at an acceptable level have been addressed safeguards to be communicated, vary with the circumstances of the engagement and generally addresses the threats to independence, safeguards to reduce the threats, and measures to eliminate threats, but generally address:</td>
</tr>
</tbody>
</table>

\(^{24}\) ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 14
## Proposed Changes to the IAASB Standards

<table>
<thead>
<tr>
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<tr>
<td><strong>Standard</strong></td>
<td><strong>Extant Paragraphs</strong></td>
<td><strong>Proposed Change</strong></td>
</tr>
<tr>
<td>ISA 260 (Revised)</td>
<td>(b) Safeguards created by the profession, legislation or regulation, safeguards within the entity, and safeguards within the firm’s own systems and procedures</td>
<td>(a) Threats to independence, which may be categorized as: self-interest threats, self-review threats, advocacy threats, familiarity threats, and intimidation threats; and (b) Safeguards created by the profession, legislation or regulation, safeguards within the entity, and safeguards within the firm’s own systems and procedures</td>
</tr>
<tr>
<td>Paragraph A31</td>
<td>Relevant ethical requirements or law or regulation may also specify particular communications to those charged with governance in circumstances where breaches of independence requirements have been identified. For example, the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) requires the auditor to communicate with those charged with governance in writing about any breach and the action the firm has taken or proposes to take.</td>
<td>Relevant ethical requirements or law or regulation may also specify particular communications to those charged with governance in circumstances where breaches of independence requirements have been identified. For example, the International Ethics Standards Board for Accountants’ <em>International Code of Ethics for Professional Accountants (including International Independence Standards)</em> (IESBA Code) requires the auditor to communicate with those charged with governance in writing about any breach and the action the firm has taken or proposes to take.</td>
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</tbody>
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25 See Section 290.39–49 of the IESBA Code, which addresses breaches of independence.
## ISA 260 (Revised) Paragraph A32

The communication requirements relating to auditor independence that apply in the case of listed entities may also be appropriate in the case of some other entities, including those that may be of significant public interest, for example, because they have a large number and wide range of stakeholders and considering the nature and size of the business. Examples of such entities may include financial institutions (such as banks, insurance companies, and pension funds), and other entities such as charities. On the other hand, there may be situations where communications regarding independence may not be relevant, for example, where all of those charged with governance have been informed of relevant facts through their management activities. This is particularly likely where the entity is owner-managed, and the auditor's firm and network firms have little involvement with the entity beyond a financial statement audit.

- No changes identified

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25 See, for example, paragraphs R400.81, R400.82 and R400.84 Section 290.39–49 of the IESBA Code, which addresses breaches of independence.
## EXPOSURE DRAFT: PROPOSED CHANGES TO THE IAASB STANDARDS AS A RESULT OF THE REVISED IESBA CODE

<table>
<thead>
<tr>
<th>IAASB Standards</th>
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<th>Proposed Changes to the IAASB Standards</th>
<th>Category of change</th>
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<tbody>
<tr>
<td><strong>ISA 260 (Revised)</strong></td>
<td><strong>Paragraph A49</strong></td>
<td><strong>Proposed Change</strong></td>
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<tr>
<td>Timely communication throughout the audit contributes to the achievement of robust two-way dialogue between those charged with governance and the auditor. However, the appropriate timing for communications will vary with the circumstances of the engagement. Relevant circumstances include the significance and nature of the matter, and the action expected to be taken by those charged with governance. For example:</td>
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<tr>
<td>Communications regarding independence may be appropriate whenever significant judgments are made about threats to independence and related safeguards, for example, when accepting an engagement to provide non-audit services, and at a concluding discussion.</td>
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<tr>
<td>ISA 300</td>
<td>Paragraph R120.6, R120.7 and R120.10 have been amended from the extant Code, in particular in relation to how identified threats are addressed</td>
<td>Timely communication throughout the audit contributes to the achievement of robust two-way dialogue between those charged with governance and the auditor. However, the appropriate timing for communications will vary with the circumstances of the engagement. Relevant circumstances include the significance and nature of the matter, and the action expected to be taken by those charged with governance. For example:</td>
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<td>Communications regarding independence may be appropriate whenever significant judgments are made about threats to independence and how threats to independence that are not at an acceptable level will be addressed related safeguards, for example, when accepting an engagement to provide non-audit services, and at a concluding discussion.</td>
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<tr>
<td>ISA 300</td>
<td>Paragraph 6</td>
<td>N/A</td>
<td>N/A</td>
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<td>The auditor shall undertake the following activities at the beginning of the current audit engagement:</td>
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<td>N/A</td>
<td>N/A</td>
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<tr>
<td>(a) Performing procedures required by ISA 220 regarding the continuance of</td>
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<table>
<thead>
<tr>
<th>IAASB Standards</th>
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</thead>
<tbody>
<tr>
<td>ISA 220, Quality Control for an Audit of Financial Statements, paragraphs 12–13</td>
<td>The auditor shall undertake the following activities prior to starting an initial audit:</td>
<td>• No changes identified – see paragraph R320.8</td>
<td>N/A</td>
</tr>
</tbody>
</table>
| ISA 300 Paragraph 13 | (a) Performing procedures required by ISA 220 regarding the acceptance of the client relationship and the specific audit engagement; and  
(b) Communicating with the predecessor auditor, where there has been a change of auditors, in compliance with relevant ethical requirements. (Ref: Para. A22) | | N/A |

Notes:

1 ISA 220, Quality Control for an Audit of Financial Statements, paragraphs 12–13
2 ISA 220, paragraphs 9–11
3 ISA 220, Quality Control for an Audit of Financial Statements, paragraphs 12–13
<table>
<thead>
<tr>
<th>IAASB Standards</th>
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</thead>
</table>
| ISA 300 Paragraph A6 | Performing these preliminary engagement activities enables the auditor to plan an audit engagement for which, for example:  
• The auditor maintains the necessary independence and ability to perform the engagement.  
• There are no issues with management integrity that may affect the auditor’s willingness to continue the engagement.  
• There is no misunderstanding with the client as to the terms of the engagement. | • No changes identified | N/A | N/A |
<p>| ISA 300 Paragraph A7 | The auditor’s consideration of client continuance and relevant ethical requirements, including independence, occurs throughout the audit engagement as conditions and changes in circumstances occur. Performing initial procedures on both client continuance and evaluation of relevant ethical requirements (including independence) at the beginning of the current audit engagement means that they are completed prior to the performance of other significant activities for the current audit engagement. For continuing audit engagements, such initial procedures often | • No changes identified | N/A | N/A |</p>
<table>
<thead>
<tr>
<th>IAASB Standards</th>
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</thead>
<tbody>
<tr>
<td>ISA 510 Paragraph A5</td>
<td>Relevant ethical and professional requirements guide the current auditor's communications with the predecessor auditor.</td>
<td>• No changes identified</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 550 Paragraph A32</td>
<td>Examples of substantive audit procedures that the auditor may perform when the auditor has assessed a significant risk that management has not appropriately accounted for or disclosed specific related party transactions in accordance with the applicable financial reporting framework (whether due to fraud or error) include: • Confirming or discussing specific aspects of the transactions with intermediaries such as banks, law firms, guarantors, or agents, where practicable and not prohibited by law, regulation or ethical rules.</td>
<td>• No changes identified</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 550 Paragraph A36</td>
<td>Examples of substantive audit procedures that the auditor may perform relating to newly identified related parties or significant related party transactions include: • Making inquiries regarding the nature of the entity’s relationships with the newly identified related parties, including (where appropriate and not prohibited by law, regulation or ethical rules) inquiring of</td>
<td>• No changes identified</td>
<td>N/A</td>
</tr>
<tr>
<td>IAASB Standards</td>
<td>Extant Paragraphs</td>
<td>Notes in Relation to the 2018 IESBA Code</td>
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<tr>
<td>ISA 600 Paragraph 19</td>
<td>If the group engagement team plans to request a component auditor to perform work on the financial information of a component, the group engagement team shall obtain an understanding of the following: (Ref: Para. A32–A35) (a) Whether the component auditor understands and will comply with the ethical requirements that are relevant to the group audit and, in particular, is independent. (Ref: Para. A37) ...</td>
<td>• No changes identified</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 600 Paragraph 20</td>
<td>If a component auditor does not meet the independence requirements that are relevant to the group audit, or the group engagement team has serious concerns about the other matters listed in paragraph 19(a)–(c), the group engagement team shall obtain sufficient appropriate audit evidence relating to the financial information of the component without requesting that component auditor to perform work on the</td>
<td>• No changes identified</td>
<td>N/A</td>
</tr>
<tr>
<td>IAASB Standards</td>
<td>Extant Paragraphs</td>
<td>Notes in Relation to the 2018 IESBA Code</td>
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<tr>
<td>ISA 600 Paragraph 40</td>
<td>The group engagement team shall communicate its requirements to the component auditor on a timely basis. This communication shall set out the work to be performed, the use to be made of that work, and the form and content of the component auditor’s communication with the group engagement team. It shall also include the following: (Ref: Para. A57, A58, A60) ...</td>
<td>• No changes identified</td>
<td>N/A</td>
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<td></td>
<td>financial information of that component. (Ref: Para. A39–A41)</td>
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</tbody>
</table>
## IAASB Standards

### Standard | Extant Paragraphs | Notes in Relation to the 2018 IESBA Code | Proposed Changes to the IAASB Standards | Category of change
--- | --- | --- | --- | ---
ISA 600 Paragraph 41 | The group engagement team shall request the component auditor to communicate matters relevant to the group engagement team’s conclusion with regard to the group audit. Such communication shall include: (Ref: Para. A60)
(a) Whether the component auditor has complied with ethical requirements that are relevant to the group audit, including independence and professional competence; ...

- No changes identified | N/A | N/A

ISA 600 Paragraph A37 | When performing work on the financial information of a component for a group audit, the component auditor is subject to ethical requirements that are relevant to the group audit. Such requirements may be different or in addition to those applying to the component auditor when performing a statutory audit in the component auditor’s jurisdiction. The group engagement team therefore obtains an understanding whether the component auditor understands and will comply with the ethical requirements that are relevant to the group audit, sufficient to fulfill the component auditor’s responsibilities in the group audit.

- No changes identified | N/A | N/A
<table>
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<tr>
<th>IAASB Standards</th>
<th>Extant Paragraphs</th>
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<tr>
<td><strong>ISA 600</strong></td>
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<tr>
<td><strong>Paragraph A39</strong></td>
<td>The group engagement team cannot overcome the fact that a component auditor is not independent by being involved in the work of the component auditor or by performing additional risk assessment or further audit procedures on the financial information of the component.</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>ISA 600</strong></td>
<td></td>
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<tr>
<td><strong>Appendix I</strong></td>
<td>• The International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants comprises all of the relevant ethical requirements that apply to the audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.</td>
<td>• Update title of the Code</td>
<td>For purposes of this illustrative auditor’s report, the following circumstances are assumed:</td>
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<td>• The International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) comprises all of the relevant ethical requirements that apply to the audit.</td>
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<td></td>
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<td>• We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) comprises all of the relevant ethical requirements that apply to the audit.</td>
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</table>
## Exposure Draft: Proposed Changes to the IAASB Standards as a Result of the Revised IESBA Code

### IAASB Standards

<table>
<thead>
<tr>
<th>Standard</th>
<th>Extant Paragraphs</th>
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<th>Category of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISA 600</td>
<td></td>
<td></td>
<td><strong>Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)</strong>, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.</td>
<td>N/A</td>
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<tr>
<td>ISA 610</td>
<td></td>
<td></td>
<td><strong>No changes identified</strong></td>
<td>N/A</td>
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</table>

1. We have an understanding of [indicate relevant ethical requirements] that is sufficient to fulfill our responsibilities in the audit of the group financial statements, and will comply therewith. In particular, and with respect to [name of parent] and the other components in the group, we are independent within the meaning of [indicate relevant ethical requirements] and comply with the applicable requirements of [refer to rules] promulgated by [name of regulatory agency].

### Additional Notes

- In addition, the IESBA Code states that a self-review threat is created when the external auditor accepts an engagement to provide internal audit services to an audit client, and the results of those services will be used in conducting the audit. This is because of the possibility that the engagement team will use the results of the internal audit service without properly

1 The International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), paragraph R605.4 A3–Section 290.194

17 The International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), paragraphs R605.1–R605.5; Section 290.190–290.195
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<tbody>
<tr>
<td>ISA 620 Paragraph 9</td>
<td><strong>The Competence, Capabilities and Objectivity of the Auditor’s Expert</strong>&lt;br&gt;The auditor shall evaluate whether the auditor’s expert has the necessary competence, capabilities and objectivity for the auditor’s purposes. In the case of an auditor’s external expert, the evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to that expert’s objectivity. (Ref: Para. A14–A20)</td>
<td>• N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 620 Paragraph A12</td>
<td>An auditor’s external expert is not a member of the engagement team and is not subject to quality control policies and procedures in</td>
<td>• N/A</td>
<td>N/A</td>
<td>N/A</td>
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</tbody>
</table>

17 The International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), Section 290.194

18 IESBA Code, Section 290.190–290.195
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<td><strong>Extant Paragraphs</strong></td>
<td><strong>Proposed Change</strong></td>
<td><strong>Category of change</strong></td>
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<tr>
<td>accordance with ISQC 1. In some jurisdictions, however, law or regulation may require that an auditor’s external expert be treated as a member of the engagement team, and may therefore be subject to relevant ethical requirements, including those pertaining to independence, and other professional requirements, as determined by that law or regulation.</td>
<td>• N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 620 Paragraph A16</td>
<td>Matters relevant to evaluating the competence, capabilities and objectivity of the auditor’s expert include whether that expert’s work is subject to technical performance standards or other professional or industry requirements, for example, ethical standards and other membership requirements of a professional body or industry association, accreditation standards of a licensing body, or requirements imposed by law or regulation.</td>
<td>• Paragraph R120.6, R120.7 and R120.10 have been amended from the extant Code, in particular in A broad range of circumstances may threaten objectivity, for example, self-interest threats, advocacy threats, familiarity threats, self-review threats, and intimidation threats. Safeguards may eliminate or reduce such threats, and may be created by external structures (for example, the auditor’s expert’s profession, legislation or</td>
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<tr>
<td><strong>Standard</strong></td>
<td><strong>Extant Paragraphs</strong></td>
<td><strong>Proposed Change</strong></td>
<td></td>
</tr>
<tr>
<td>ISA 620</td>
<td>example, the auditor’s expert's profession, legislation or regulation), or by the auditor’s expert’s work environment (for example, quality control policies and procedures). There may also be safeguards specific to the audit engagement.</td>
<td>The evaluation of whether the threats to objectivity are at an acceptable level the significance of threats to objectivity and of whether there is a need for safeguards may depend upon the role of the auditor’s expert and the significance of the expert’s work in the context of the audit. There may be some circumstances in which safeguards cannot reduce threats to an acceptable level, for example, if a proposed auditor’s expert is an individual who has played a significant role in preparing the report.</td>
<td>2</td>
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<tr>
<td>Paragraph A19</td>
<td>relation to how identified threats are addressed</td>
<td>relation to how identified threats are addressed</td>
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<td>- Section 100.13 of the old Code referred to “(a) Safeguards created by the profession, legislation or regulation; and “Safeguards in the work environment.” The revised Code does not discuss safeguards created by the profession. Such threats may be addressed by eliminating the circumstances that create the threats, applying safeguards, or by the auditor’s expert’s work environment (for example, quality control policies and procedures). There may also be safeguards specific to the audit engagement.</td>
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<tr>
<td><strong>Standard</strong></td>
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<td><strong>Proposed Change</strong></td>
</tr>
<tr>
<td>ISA 620 Paragraph A31</td>
<td>It is necessary for the confidentiality provisions of relevant ethical requirements that apply to the auditor also to apply to the auditor’s expert. Additional requirements may be imposed by law or regulation. The entity may also have requested that specific confidentiality provisions be agreed with auditor’s external experts.</td>
<td>• No changes identified</td>
</tr>
<tr>
<td>ISA 700 (Revised) Paragraph 28</td>
<td>The auditor’s report shall include a section, directly following the Opinion section, with the heading “Basis for Opinion”, that: (Ref: Para. A32) ...</td>
<td>• Update to the title of the Code</td>
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<td></td>
<td>(c) Includes a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor’s other ethical responsibilities in accordance with these requirements. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board</td>
<td>The auditor’s report shall include a section, directly following the Opinion section, with the heading “Basis for Opinion”, that: (Ref: Para. A32) ... (c) Includes a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor’s other ethical responsibilities in accordance with these requirements. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board</td>
</tr>
</tbody>
</table>

**Notes in Relation to the 2018 IESBA Code**

- **Proposed Change**
  - individual who has played a significant role in preparing the information that is being audited, that is, if the auditor’s expert is a management’s expert.
  - No changes identified
  - Update to the title of the Code

**Category of change**

- N/A
- 3
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<td>Proposed Change</td>
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<td>Category of change</td>
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<tr>
<td>ISA 700 (Revised) Paragraph 40</td>
<td>for Accountants’ Code of Ethics for Professional Accountants (IESBA Code); and (Ref: Para. A34–A39) ...</td>
<td></td>
<td>Change to reflect wording of the Code (threats)</td>
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<td>The Auditor’s Responsibilities for the Audit of the Financial Statements section of the auditor’s report also shall: (Ref: Para. A50) ...</td>
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<td>(b) For audits of financial statements of listed entities, state that the auditor provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor’s independence, and where applicable, related safeguards; and how threats have been eliminated or safeguards applied; and</td>
</tr>
<tr>
<td>ISA 700 (Revised) Paragraph 50</td>
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<td>No changes identified</td>
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<tr>
<td>ISA 700 (Revised) Paragraph A34</td>
<td>The identification of the jurisdiction of origin of relevant ethical requirements increases transparency about those requirements relating to the particular audit engagement. ISA 200 explains that relevant ethical requirements ordinarily comprise Parts A and B of the IESBA Code related to an audit of financial statements together with national requirements that are more restrictive. When the relevant ethical requirements include those of the IESBA Code, the statement may also make reference to the IESBA Code.</td>
<td>• Alignment with ISA 200 – refer ISA 200 for explanation</td>
<td>The identification of the jurisdiction of origin of relevant ethical requirements increases transparency about those requirements relating to the particular audit engagement. ISA 200 explains that relevant ethical requirements ordinarily comprise the provisions of Parts A and B of the IESBA Code related to an audit of financial statements together with national requirements that are more restrictive. When the relevant ethical requirements include those of the IESBA Code, the statement may also make reference to the IESBA Code. If the IESBA Code constitutes all of the ethical requirements</td>
<td>1</td>
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<tr>
<td>IAASB Standards</td>
<td>Notes in Relation to the 2018 IESBA Code</td>
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<tr>
<td>** ISA 700 (Revised) Paragraph A39**</td>
<td>Code constitutes all of the ethical requirements relevant to the audit, the statement need not identify a jurisdiction of origin.</td>
<td>relevant to the audit, the statement need not identify a jurisdiction of origin.</td>
<td>N/A</td>
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<td></td>
<td>The ISAs do not establish specific independence or ethical requirements for auditors, including component auditors, and thus do not extend, or otherwise override, the independence requirements of the IESBA Code or other ethical requirements to which the group engagement team is subject, nor do the ISAs require that the component auditor in all cases to be subject to the same specific independence requirements that are applicable to the group engagement team. As a result, relevant ethical requirements, including those pertaining to independence, in a group audit situation may be complex. ISA 600 provides guidance for auditors in performing work on the financial information of a component for a group audit, including those situations where the component auditor does not meet the independence requirements that are relevant to the group audit.</td>
<td>• No changes identified</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>** ISA 700 (Revised)**</td>
<td>The relevant ethical requirements that apply to the audit comprise the International Ethics Standards Board for Accountants’ International Ethical Standards</td>
<td>• Update to the title of the Code</td>
<td>3</td>
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The relevant ethical requirements that apply to the audit comprise the International Ethics Standards Board for Accountants’ *International* Ethical Standards.
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<tbody>
<tr>
<td>Appendix (various)</td>
<td><em>Code of Ethics for Professional Accountants</em> together with the ethical requirements relating to the audit in the jurisdiction, and the auditor refers to both.</td>
<td></td>
<td><em>Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)</em>, together with the ethical requirements relating to the audit in the jurisdiction, and the auditor refers to both.</td>
</tr>
<tr>
<td>ISA 700 (Revised) Appendix (various)</td>
<td>We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the <em>Auditor’s Responsibilities for the Audit of the Financial Statements</em> section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ <em>Code of Ethics for Professional Accountants</em> (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</td>
<td>• Update to the title of the Code</td>
<td>We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the <em>Auditor’s Responsibilities for the Audit of the Financial Statements</em> section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ <em>International Code of Ethics for Professional Accountants</em> (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</td>
</tr>
</tbody>
</table>

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| ISA 700 (Revised) Appendix (various) | We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships | • Change to reflect wording of the Code (threats) | We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may | 2

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### IAASB Standards

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<tr>
<th>Standard</th>
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<tr>
<td>*** Various illustrative reports in the other standards require the same update</td>
<td>and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.</td>
<td></td>
<td>reasonably be thought to bear on our independence, and where applicable, related safeguards how threats have been eliminated or safeguards applied.</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 701 Paragraph A55</td>
<td>It may also be necessary for the auditor to consider the implications of communicating about a matter determined to be a key audit matter in light of relevant ethical requirements. In addition, the auditor may be required by law or regulation to communicate with applicable regulatory, enforcement or supervisory authorities in relation to the matter, regardless of whether the matter is communicated in the auditor’s report. Such communication may also be useful to inform the auditor’s consideration of the adverse consequences that may arise from communicating about the matter.</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ISA 706 Paragraph A15</td>
<td>The content of an Other Matter paragraph reflects clearly that such other matter is not required to be presented and disclosed in the financial statements. An Other Matter paragraph does not include information that the auditor is prohibited from providing by law, regulation or other professional standards, for example, ethical standards</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
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</table>
## IAASB Standards

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<tr>
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</table>
| ISA 720 (Revised) | relating to confidentiality of information. An Other Matter paragraph also does not include information that is required to be provided by management. | | • Update to the title and references to the Code  
• Corresponding material in the IESBA Code has not changed in substance | 1 & 3 |
| ISA 720 (Revised) | This ISA may also assist the auditor in complying with relevant ethical requirements[^2] that require the auditor to avoid being knowingly associated with information that the auditor believes contains a materially false or misleading statement, statements or information furnished recklessly, or omits or obscures information required to be included where such omission or obscurity would be misleading.  
| ISA 720 (Revised) | Remaining alert for other indications that the other information not related to the financial statements or the auditor’s knowledge obtained in the audit appears to be materially misstated assists the auditor in complying with relevant ethical requirements that require the auditor to avoid being knowingly associated with other information that the auditor believes contains a materially false or misleading statement, a statement furnished | • Update references to the Code  
• Corresponding material in the IESBA Code has not changed in substance | 12 IESBA Code, paragraph R111.2.440.2 | 1 |
<table>
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<tr>
<th>IAASB Standards</th>
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</table>
| ISA 800 (Revised) Paragraph A9 | ISA 200 requires the auditor to comply with (a) relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements, and (b) all ISAs relevant to the audit. It also requires the auditor to comply with each requirement of an ISA unless, in the reckless, or omits or obscures necessary information such that the other information is misleading.\(^\text{12}\) Remaining alert for other indications that the other information appears to be materially misstated could potentially result in the auditor identifying such matters as:  
- Differences between the other information and the general knowledge, apart from the knowledge obtained in the audit, of the engagement team member reading the other information that lead the auditor to believe that the other information appears to be materially misstated; or  
- An internal inconsistency in the other information that leads the auditor to believe that the other information appears to be materially misstated. | • No changes identified | N/A | N/A |
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<tbody>
<tr>
<td><strong>ISA 800</strong></td>
<td>circumstances of the audit, the entire ISA is not relevant or the requirement is not relevant because it is conditional and the condition does not exist. In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an ISA by performing alternative audit procedures to achieve the aim of that requirement.</td>
<td>• Change to reflect wording of the Code (threats)</td>
<td>We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, how threats have been eliminated or safeguards applied. related safeguards.</td>
<td>2</td>
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<tr>
<td><strong>Illustration 3</strong></td>
<td>We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td><strong>ISA 805</strong></td>
<td>ISA 200 requires the auditor to comply with (a) relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements, and (b) all ISAs relevant to the audit. It also requires the auditor to comply with each requirement of an ISA unless, in the circumstances of the audit, the entire ISA is not relevant or the requirement is not relevant because it is conditional and the condition does not exist. In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an ISA by performing alternative audit procedures to achieve the aim of that requirement.</td>
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<tr>
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<tr>
<td><strong>Standard</strong></td>
<td><strong>Extant Paragraphs</strong></td>
<td><strong>Proposed Change</strong></td>
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</tbody>
</table>
| ISA 805         | circumstances, the auditor may judge it necessary to depart from a relevant requirement in an ISA by performing alternative audit procedures to achieve the aim of that requirement.  
Illustration 3  | • Change to reflect wording of the Code (threats) | We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. | 2 |
| ISA 810 (Revised) | In reading the information included in a document containing the summary financial statements and the auditor’s report thereon, the auditor may become aware that such information is misleading and may need to take appropriate action. Relevant ethical requirements require the auditor to avoid being knowingly associated with information that the auditor believes contains a materially false or misleading statement, statements or information furnished recklessly, or omits or obscures information required to be included where such omission or obscurity would be misleading. | • Update to the title and references to the Code  
• Corresponding material in the IESBA Code has not changed in substance | 1 & 3 |

14 International Ethics Standards Board for Accountants’  
*International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), paragraph R111.2-110.2.
## Notes in Relation to the 2018 IESBA Code

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<td><strong>ISA 810</strong></td>
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<td><strong>N/A</strong></td>
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<tr>
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<td><strong>N/A</strong></td>
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<td><strong>IAPN 1000</strong></td>
<td></td>
<td><strong>1 &amp; 3</strong></td>
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<tr>
<td>Paragraph 78</td>
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<td><strong>15 ISA 220, paragraph 14</strong></td>
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<td><strong>16 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) paragraphs 320.1–320.10 A1.</strong></td>
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<td><strong>Standard</strong></td>
<td><strong>Extant Paragraphs</strong></td>
<td><strong>Proposed Change</strong></td>
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</table>
| due care. Paragraph 79 below provides examples of the types of matters that may be relevant to the auditor’s considerations in the context of financial instruments.  
15 ISA 220, paragraph 14  
16 IESBA Code of Ethics for Professional Accountants paragraphs 210.1 and 210.6 | Professional judgment—The application of relevant training, knowledge and experience, within the context provided by assurance, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the review engagement. | • See comment on ISA 200 Paragraph A25 | N/A |
<p>| ISRE 2400 (Revised) Paragraph 17(h) | Relevant ethical requirements—Ethical requirements the engagement team is subject to when undertaking review engagements. These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), together with national requirements that are more restrictive. | • Refer explanation under the Glossary for the changes (including editorial changes and alignment with the title of the revised IESBA Code) Relevant ethical requirements – Ethical requirements to which the engagement team is subject to when undertaking review engagements, These requirements which ordinarily comprise the provisions of Parts A and B of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), related to a review of financial statements, together with national requirements that are more restrictive. | 1 &amp; 3 |</p>
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<tr>
<td>ISRE 2400</td>
<td>The practitioner shall comply with relevant ethical requirements, including those pertaining to independence. (Ref: Para. A15–A16)</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Revised</td>
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<tr>
<td>Paragraph 21</td>
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<tr>
<td>ISRE 2400</td>
<td>The engagement partner shall take responsibility for: (Ref: Para. A27–A30) ...</td>
<td>• No change identified (see section 320)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Revised</td>
<td>(d) The engagement being performed in accordance with the firm’s quality control policies, including the following: (i) Being satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and engagements have been followed, and that conclusions reached are appropriate, including considering whether there is information that would lead the engagement partner to conclude that management lacks integrity; (Ref: Para. A32–A33)</td>
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<td>Paragraph 25</td>
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<tr>
<td>ISRE 2400</td>
<td>If the engagement partner obtains information that would have caused the firm to decline the engagement had that information been available earlier, the</td>
<td>• No change identified</td>
<td>N/A</td>
<td>N/A</td>
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<td>Revised</td>
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<td>Paragraph 26</td>
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<td>engagement partner shall communicate that information promptly to the firm, so that the firm and the engagement partner can take the necessary action.</td>
<td>paragraph R320.9)</td>
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<tr>
<td>ISRE 2400</td>
<td>Throughout the engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner’s attention through the firm’s system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.</td>
<td>• The Code refers to breaches, rather than non-compliance</td>
<td>4</td>
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<tr>
<td>(Revised)</td>
<td></td>
<td>Throughout the engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of breaches of relevant ethical requirements by members of the engagement team. If matters come to the engagement partner’s attention through the firm’s system of quality control or otherwise that indicate that members of the engagement team have breached relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.</td>
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<tr>
<td>Paragraph 27</td>
<td></td>
<td>No changes identified (see paragraph R320.9)</td>
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<tr>
<td>ISRE 2400</td>
<td>Unless required by law or regulation, the practitioner shall not accept a review engagement if: (Ref: Para. A34–A35) ... (b) The practitioner has reason to believe that relevant ethical requirements, including independence, will not be satisfied;</td>
<td>N/A</td>
<td></td>
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<tr>
<td>(Revised)</td>
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<tr>
<td>Paragraph 29</td>
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<tr>
<td>ISRE 2400 (Revised) Paragraph 52</td>
<td>When there is an indication that fraud or non-compliance with laws and regulations, or suspected fraud or non-compliance with laws and regulations, has occurred in the entity, the practitioner shall: ... (d) Determine whether law, regulation or relevant ethical requirements: (Ref: Para. A94–A98) (i) Require the practitioner to report to an appropriate authority outside the entity. (ii) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.</td>
<td>• No changes identified – see paragraphs R360.36–360.36 A3</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>IAASB Standards</td>
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<td><strong>ISRE 2400</strong></td>
<td>Paragraph 86</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
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<td>(Revised)</td>
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<td>The practitioner’s report for the review engagement shall be in writing, and shall contain the following elements: (Ref. Para. A124–A127, A148, A150)</td>
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<td>• Refer paragraph A7 of ISQC 1 for explanation</td>
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<tr>
<td>ISRE 2400</td>
<td>Paragraph A15</td>
<td>Part A of the IESBA Code establishes the fundamental principles of professional ethics practitioners must comply with, and provides a conceptual framework for applying those principles. The fundamental principles are:</td>
<td>Part A of the IESBA Code establishes the fundamental principles of ethics, which are that practitioners must comply with, and provides a conceptual framework for applying those principles. The fundamental principles are:</td>
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<td>(Revised)</td>
<td></td>
<td>(a) Integrity;</td>
<td>(a) Integrity;</td>
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<td>(b) Objectivity;</td>
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<td>(c) Professional competence and due care;</td>
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<td>(d) Confidentiality; and</td>
<td>(d) Confidentiality; and</td>
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<td>(e) Professional behavior.</td>
<td>(e) Professional behavior.</td>
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<td>Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. In complying with the IESBA Code, threats to the practitioner’s compliance with relevant ethical</td>
<td>Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. In complying with the IESBA Code, threats to the practitioner’s compliance with</td>
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<td><strong>Standard</strong></td>
<td><strong>Extant Paragraphs</strong></td>
<td><strong>Proposed Change</strong></td>
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<td>IAASB Standards</td>
<td>requirements are required to be identified and appropriately addressed.</td>
<td>relevant ethical requirements are required to be identified and appropriately addressed. The IESBA Code provides a conceptual framework that professional accountants are to apply in order to identify, evaluate and address threats to compliance with the fundamental principles. In the case of audits, reviews and other assurance engagements, the IESBA Code sets out <em>International Independence Standards</em>, which apply the conceptual framework of identifying, evaluating and addressing threats to the fundamental principles and compliance with independence requirements.</td>
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<tr>
<td>ISRE 2400 (Revised) Paragraph A16</td>
<td>In the case of an engagement to review financial statements, the IESBA Code requires that the practitioner be independent of the entity whose financial statements are reviewed. The IESBA Code describes independence as comprising both independence of mind and independence in appearance. The practitioner's independence safeguards the practitioner's ability to form a conclusion without being affected by influences that might otherwise compromise that conclusion. Independence enhances the practitioner's ability to act with integrity, to be objective and to maintain an attitude of professional skepticism.</td>
<td>• No changes identified (see paragraph 400.1, 400.5)</td>
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<td>N/A</td>
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<td>ISRE 2400 (Revised)</td>
<td>Professional judgment is essential to the proper conduct of a review engagement. This is because interpretation of relevant ethical requirements and the requirements of this ISRE, and the need for informed decisions throughout the performance of a review engagement, require the application of relevant knowledge and experience to the facts and circumstances of the engagement. Professional judgment is necessary, in particular: …</td>
<td>• See comment on ISA 200 Paragraph A25</td>
<td>N/A</td>
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<td>Paragraph A21</td>
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<td>ISRE 2400 (Revised)</td>
<td>The distinguishing feature of the professional judgment expected of the practitioner is that it is exercised by a practitioner whose training, knowledge and experience, including in the use of assurance skills and techniques, have assisted in developing the necessary competencies to achieve reasonable judgments. Consultation on difficult or contentious matters during the course of the engagement, both within the engagement team and between the engagement team and others at the appropriate level within or outside the firm, assists the practitioner in making informed and reasonable judgments.</td>
<td>• See comment on ISA 200 Paragraph A25</td>
<td>N/A</td>
<td>N/A</td>
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<td>Paragraph A22</td>
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<td><strong>ISRE 2400</strong> (Revised) Paragraph A27</td>
<td>Within the context of the firm’s system of quality control, engagement teams have a responsibility to implement quality control procedures applicable to the engagement, and provide the firm with relevant information to enable the functioning of that part of the firm’s system of quality control relating to independence.</td>
<td>• N/A</td>
<td>N/A</td>
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| **ISRE 2400** (Revised) Paragraph A29 | Unless information provided by the firm or other parties suggests otherwise, the engagement team is entitled to rely on the firm’s system of quality control. For example, the engagement team may rely on the firm’s system of quality control in relation to:  
  • Competence of personnel through their recruitment and formal training.  
  • Independence through the accumulation and communication of relevant independence information.  
  • Maintenance of client relationships through acceptance and continuance systems.  
  • Adherence to regulatory and legal requirements through the monitoring process.  
In considering deficiencies identified in the firm’s system of quality control that | • N/A | N/A | N/A |
IAASB Standards | Extant Paragraphs | Notes in Relation to the 2018 IESBA Code | Proposed Changes to the IAASB Standards | Category of change
--- | --- | --- | --- | ---
ISRE 2400 (Revised) Paragraph A32 | may affect the review engagement, the engagement partner may consider measures taken by the firm to rectify those deficiencies. | | | 
ISRE 2400 (Revised) Paragraph A32 | ISQC 1 requires the firm to obtain information as it considers necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client. Information that assists the engagement partner in determining whether acceptance and continuance of client relationships and review engagements are appropriate may include information concerning:
• The integrity of the principal owners, key management and those charged with governance; and
• Significant matters that have arisen during the current or a previous review engagement, and their implications for continuing the relationship. | • No change identified – see section 320 | N/A | N/A
ISRE 2400 (Revised) Paragraph A34 | The practitioner’s consideration of engagement continuance, and relevant ethical requirements, including | • No change identified – see section 320 | N/A | N/A
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<th>Standard</th>
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| ISRE 2400 (Revised) Paragraph A88 | The practitioner may have additional responsibilities under law, regulation or relevant ethical requirements regarding an entity’s non-compliance with laws and regulations, including fraud, which may differ from or go beyond this ISRE, such as: (a) Responding to identified or suspected non-compliance with laws and regulations, including requirements in relation to specific communications with management and those charged with governance and considering whether further action is needed; (b) Communicating identified or suspected non-compliance with laws and regulations. | • Update references to the Code  
• No other changes identified – see paragraphs R360.29–R360.40 A1 of the IESBA Code. | 1 |
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| **ISRE 2400 (Revised)** | regulations to an auditor, for example a group engagement partner;¹¹ and (c) Documentation requirements regarding identified or suspected non-compliance with laws and regulations. Complying with any additional responsibilities may provide further information that is relevant to the practitioner's work in accordance with this ISRE (e.g., regarding the integrity of management or, where appropriate, those charged with governance). ¹¹ See, for example, Sections 225.44–225.48 of the IESBA Code. | • Update references to the Code  
• No other changes identified – see section R360.29–R360.38 | | 1 |
<p>| <strong>Paragraph A95</strong> | In some cases, the relevant ethical requirements may require the practitioner to report or to consider whether reporting identified or suspected fraud or non-compliance with laws and regulations to an appropriate authority outside the entity is an appropriate action in the circumstances. For example, the IESBA Code requires the practitioner to take steps to respond to identified or suspected non-compliance with laws and regulations, and consider whether further action is needed, which may include reporting to an appropriate authority outside the entity.¹² The IESBA Code explains that | | |<br />
|              | | ¹² See, for example, paragraphs R360.36–R360.37 of the IESBA Code. | | |
|              | | ¹³ See, for example, Section 140.7 paragraphs R114.1, 114.1 A1 and R360.37 and Section 225.53 of the IESBA Code. | | |</p>
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<td>such reporting would not be considered a breach of the duty of confidentiality under the IESBA Code.</td>
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<td>N/A</td>
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<tr>
<td>ISRE 2400</td>
<td>In other circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the practitioner’s duty of confidentiality under law, regulation or relevant ethical requirements.</td>
<td></td>
<td>• No changes identified – see paragraphs R360.6 and 360.36 A3</td>
<td>N/A</td>
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<tr>
<td>Paragraph A97</td>
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<td>ISRE 2400</td>
<td>The determination required by paragraph 52(d) may involve complex considerations and professional judgments. Accordingly, the practitioner may consider consulting internally (e.g., within the firm or a network firm) or on a confidential basis with a regulator or a professional body (unless doing so is prohibited by law or regulation or would breach the duty of confidentiality). The practitioner may also consider obtaining legal advice to understand the</td>
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<td>• No changes identified – see paragraph 360.39 A1</td>
<td>N/A</td>
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<td>Paragraph A98</td>
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<tr>
<td>ISRE 2400 (Revised) Paragraph A125</td>
<td>practitioner’s options and the professional or legal implications of taking any particular course of action.</td>
<td>A title indicating the report is the report of an independent practitioner, for example, “Independent Practitioner’s Review Report,” affirms that the practitioner has met all of the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner’s report from reports issued by others.</td>
<td>• No changes identified</td>
<td>N/A</td>
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<tr>
<td>ISRE 2400 (Revised) Appendix 1</td>
<td>We will conduct our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. ISRE 2400 (Revised) also requires us to comply with relevant ethical requirements.</td>
<td></td>
<td>• N/A</td>
<td>N/A</td>
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<td>IAASB Standards</td>
<td>Extant Paragraphs</td>
<td>Notes in Relation to the 2018 IESBA Code</td>
<td>Proposed Changes to the IAASB Standards</td>
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<td>ISRE 2400 (Revised) Appendix 2</td>
<td>Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), <em>Engagements to Review Historical Financial Statements</em>. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.</td>
<td>• N/A</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>ISRE 2410 Paragraph 4</td>
<td>The auditor should comply with the ethical requirements relevant to the audit of the annual financial statements of the entity. These ethical requirements govern the auditor’s professional responsibilities in the following areas: independence, integrity, objectivity, professional competence and due care, confidentiality, professional behavior, and technical standards.</td>
<td>• The fundamental principles highlighted are not the same as the Code, paragraph 110.1 A1 • General updates to this standard are needed to reference relevant ethical requirements in the same manner</td>
<td>N/A</td>
<td>N/A</td>
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### Notes in Relation to the 2018 IESBA Code

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<tr>
<th>Standard</th>
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<td>as the other standards</td>
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<td>• However, given that this standard has not been updated for conforming amendments in relation to other recent projects of the IAASB, it is proposed that no changes are made as it may give the appearance that the standard is up to date</td>
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## IAASB Standards

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<th>Standard</th>
<th>Extant Paragraphs</th>
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<th>Proposed Changes to the IAASB Standards</th>
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| **ISAE 3000 (Revised)**   | This ISAE is premised on the basis that: (a) The members of the engagement team and the engagement quality control reviewer (for those engagements where one has been appointed) are subject to Parts A and B of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements in law or regulation, that are at least as demanding; and (Ref: Para. A30–A34) ... | - Update references to the Code  
- See explanation in the glossary for basis for more general references to the Code. However, in context of ISAE 3000, is this appropriate, given we are more specific about the relevant ethical requirements because the standard may be used by non-accountants | This ISAE is premised on the basis that: (a) The members of the engagement team and the engagement quality control reviewer (for those engagements where one has been appointed) are subject to the provisions of Parts A and B of the *International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements in law or regulation, that are at least as demanding; and (Ref: Para. A30–A34) | 1 & 3             |
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<td><strong>ISAE 3000 (Revised)</strong></td>
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<tr>
<td>Paragraph 4</td>
<td>Quality control within firms that perform assurance engagements, and compliance with ethical principles, including independence requirements, are widely recognized as being in the public interest and an integral part of high-quality assurance engagements. Professional accountants in public practice will be familiar with such requirements. If a competent practitioner other than a professional accountant in public practice chooses to represent compliance with this or other ISAE, it is important to recognize that this ISAE includes requirements that reflect the premise in the preceding paragraph.</td>
<td>• N/A</td>
<td>N/A</td>
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<td><strong>ISAE 3000 (Revised)</strong></td>
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<tr>
<td>Paragraph 12(t)</td>
<td>Professional judgment—The application of relevant training, knowledge and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the engagement.</td>
<td>• See comment on ISA 200 Paragraph A25</td>
<td>N/A</td>
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<tr>
<td><strong>ISAE 3000 (Revised)</strong>&lt;br&gt;Paragraph 20</td>
<td>The practitioner shall comply with Parts A and B of the IESBA Code related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A30–A34, A60)</td>
<td>The practitioner shall comply with the provisions Parts A and B of the IESBA Code related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A30–A34, A60)</td>
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<td><strong>ISAE 3000 (Revised)</strong>&lt;br&gt;Paragraph 21</td>
<td>The engagement partner shall be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and assurance engagements have been followed by the firm, and shall determine that conclusions reached in this regard are appropriate.</td>
<td>• No changes identified – see section 320</td>
<td>N/A</td>
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<tr>
<td><strong>ISAE 3000 (Revised)</strong>&lt;br&gt;Paragraph 22</td>
<td>The practitioner shall accept or continue an assurance engagement only when: (Ref: Para. A30–A34) (a) The practitioner has no reason to believe that relevant ethical requirements, including independence, will not be satisfied; (b) The practitioner is satisfied that those persons who are to perform the engagement collectively have the appropriate competence and capabilities (see also paragraph 32); and</td>
<td>• No changes identified – see section 320</td>
<td>N/A</td>
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<td>ISAE 3000 (Revised)</td>
<td>If the engagement partner obtains information that would have caused the firm to decline the engagement had that information been available earlier, the engagement partner shall communicate that information promptly to the firm, so that the firm and the engagement partner can take the necessary action.</td>
<td>• No changes identified (see paragraph R320.9)</td>
<td>N/A</td>
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<td>Paragraph 23</td>
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<td>ISAE 3000 (Revised)</td>
<td>The engagement partner shall take responsibility for the overall quality on the engagement. This includes responsibility for: (a) Appropriate procedures being performed regarding the acceptance and continuance of client relationships and engagements;</td>
<td>• No changes identified – see section 320</td>
<td>N/A</td>
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<td>Paragraph 33</td>
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<tr>
<td>ISAE 3000 (Revised)</td>
<td>Throughout the engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner’s attention through the firm’s system of quality control or otherwise that indicate that members of the engagement team have breached, rather than non-complied with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner’s attention through the firm’s system of quality control or otherwise that indicate that members of the engagement team have breached, rather than non-complied with relevant ethical requirements by members of the engagement team.</td>
<td>The Code refers to breaches, rather than non-compliance, the Code refers to breaches, rather than non-complied with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner’s attention through the firm’s system of quality control or otherwise that indicate that members of the engagement team have breached, rather than non-complied with relevant ethical requirements by members of the engagement team.</td>
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<td>Paragraph 34</td>
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<td><strong>Proposed Change</strong></td>
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<td><strong>ISAE 3000 (Revised)</strong></td>
<td>engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.</td>
<td>address the consequences of the breach satisfactorily”</td>
<td>ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.</td>
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<td><strong>Paragraph 69(j)</strong></td>
<td>The assurance report shall include, at a minimum, the following basic elements: …</td>
<td>• Refer explanation above under paragraph 3</td>
<td>The assurance report shall include, at a minimum, the following basic elements: …</td>
</tr>
<tr>
<td><strong>ISAE 3000 (Revised)</strong></td>
<td>Part A of the IESBA Code establishes the following fundamental principles with which the practitioner is required to comply:</td>
<td>• Refer paragraph A7 of ISQC 1 for explanation</td>
<td>Part A of The IESBA Code establishes the following-fundamental principles of ethics, which</td>
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<td>(a) Integrity;</td>
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<td>are with which the practitioner is required to comply:</td>
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<td>(b) Objectivity;</td>
<td></td>
<td>(a) Integrity;</td>
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<td>(c) Professional</td>
<td></td>
<td>(b) Objectivity;</td>
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<td></td>
<td>competence and</td>
<td></td>
<td>(c) Professional competence and due care;</td>
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<tr>
<td></td>
<td>due care;</td>
<td></td>
<td>(d) Confidentiality; and</td>
</tr>
<tr>
<td></td>
<td>(d) Confidentiality; and</td>
<td></td>
<td>(e) Professional behavior.</td>
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<td>(e) Professional</td>
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<td></td>
<td>behavior.</td>
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<tr>
<td>ISAE 3000</td>
<td>Part A of the IESBA Code also provides a conceptual framework for professional accountants to apply:</td>
<td></td>
<td>The IESBA Code provides a conceptual framework that professional accountants are to apply in order to identify, evaluate and address threats to compliance with the fundamental principles. In the case of audits, reviews and other assurance engagements, the IESBA Code sets out International Independence Standards, which apply the conceptual framework of identifying, evaluating and addressing threats to the fundamental principles and compliance with independence requirements.</td>
</tr>
<tr>
<td>(Revised)</td>
<td>(Revised)</td>
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<tr>
<td>Paragraph A31</td>
<td>Part A of the IESBA Code also provides a conceptual framework for professional accountants to apply to:</td>
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<td>Part A of the IESBA Code also provides a conceptual framework for professional accountants to apply to. This includes:</td>
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<td></td>
<td>(a) Identify threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:</td>
<td></td>
<td>(a) Identifying threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:</td>
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<tr>
<td></td>
<td>(i) Self-interest;</td>
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<td></td>
<td>(ii) Self-review;</td>
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<td></td>
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<td></td>
<td>(iii) Advocacy;</td>
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<td></td>
<td>(iv) Familiarity;</td>
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<td>(v) Intimidation;</td>
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<td></td>
<td>(b) Evaluate the significance of the threats identified; and</td>
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<td></td>
<td>(c) Apply safeguards, when necessary, to eliminate the threats or reduce</td>
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<tr>
<td>IAASB Standards</td>
<td>Notes in Relation to the 2018 IESBA Code</td>
<td>Proposed Changes to the IAASB Standards</td>
<td>Category of change</td>
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<tr>
<td>Standard</td>
<td>Extant Paragraphs</td>
<td>them to an acceptable level. Safeguards are necessary when the professional accountant determines that the threats are not at a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the professional accountant at that time, that compliance with the fundamental principles is not compromised.</td>
<td>(i) Self-interest; (ii) Self-review; (iii) Advocacy; (iv) Familiarity; and (v) Intimidation; (b) Evaluating whether the significance of the threats identified are at an acceptable level; and (c) If the identified threats to compliance with the fundamental principles are not at an acceptable level, addressing them by eliminating the circumstances that create the threats, applying safeguards, or withdrawing from the engagement, where withdrawal is possible under applicable law or regulation.</td>
</tr>
</tbody>
</table>
## Notes in Relation to the 2018 IESBA Code

### ISAE 3000 (Revised)

<table>
<thead>
<tr>
<th>Standard</th>
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<th>Proposed Changes to the IAASB Standards</th>
<th>Category of change</th>
</tr>
</thead>
</table>
| Part B of the IESBA Code describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including:  
  - Professional appointment;  
  - Conflicts of interest;  
  - Second opinions;  
  - Fees and other types of remuneration;  
  - Marketing professional services;  
  - Gifts and hospitality;  
  - Custody of client assets;  
  - Objectivity; and  
  - Independence. |  
  - ISAE 3000 contains more detail than the other standards to explain the Code as this was the Board’s decision at the time. | Part B of The IESBA Code sets out requirements and application material on various topics describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including:  
  - Professional appointment;  
  - Conflicts of interest;  
  - Second opinions;  
  - Fees and other types of remuneration;  
  - Marketing professional services;  
  - Inducements, including Gifts and hospitality;  
  - Custody of client assets;  
  - Responding to non-compliance with laws and regulations;  
  - Objectivity; and  
  - Independence. | 1 & 4 |

### ISAE 3000 (Revised)

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<tbody>
<tr>
<td>The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being</td>
<td></td>
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</tbody>
</table>
  - ISAE 3000 contains more detail than the other standards to explain the Code. | The IESBA Code also includes the International Independence Standards, which contain requirements and application material addressing the independence of professional accountants. The IESBA Code defines | 1 & 4 |
**IAASB Standards** | **Notes in Relation to the 2018 IESBA Code** | **Proposed Changes to the IAASB Standards** | **Category of change**
--- | --- | --- | ---

**Standard** | **Extant Paragraphs** affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism. Matters addressed in the IESBA Code with respect to independence include:

- Financial interests;
- Loans and guarantees;
- Business relationships;
- Family and personal relationships;
- Employment with assurance clients;
- Recent service with an assurance client;
- Serving as a director or officer of an assurance client;
- Long association of senior personnel with assurance clients;
- Provision of non-assurance services to assurance clients;
- Fees (relative size, overdue, and contingent fees);
- Gifts and hospitality; and
- Actual or threatened litigation.

as this was the Board’s decision at the time independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism. Matters addressed in the International Independence Standards in the IESBA Code with respect to independence include, for example:

- Fees;
- Gifts and hospitality;
- Actual or threatened litigation;
- Financial interests;
- Loans and guarantees;
- Business relationships;
- Family and personal relationships;
- Employment with assurance clients;
- Recent service with an assurance client;
- Serving as a director or officer of an assurance client;
- Employment with an assurance client;
## IAASB Standards

<table>
<thead>
<tr>
<th>Standard</th>
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<th>Category of change</th>
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</thead>
<tbody>
<tr>
<td>ISAE 3000 (Revised)</td>
<td>Professional requirements, or requirements imposed by law or regulation, are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements when they address all the matters referred to in paragraphs A30–A33 and impose obligations that achieve the aims of the requirements set out in Parts A and B of the IESBA Code related to assurance engagements.</td>
<td>• To reflect the structural changes to the code</td>
<td>Professional requirements, or requirements imposed by law or regulation, are at least as demanding as the provisions of Parts A and B of the IESBA Code related to assurance engagements when they address all the matters referred to in paragraphs A30–A33 and impose obligations that achieve the aims of the requirements set out in Parts A and B of the IESBA Code related to such engagements.</td>
<td>1</td>
</tr>
<tr>
<td>ISAE 3000 (Revised)</td>
<td>This ISAE has been written in the context of a range of measures taken to ensure the quality of assurance engagements undertaken by professional accountants in public practice, such as those taken by IFAC member bodies in accordance with</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Notes

- Long association of senior personnel with an assurance client;
- Provision of non-assurance services to an assurance client; and
- Reports that include a restriction on use and distribution.
- Fees (relative size, overdue, and contingent fees);
- Gifts and hospitality; and
- Actual or threatened litigation.
### Notes in Relation to the 2018 IESBA Code

<table>
<thead>
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<th>Standard</th>
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</tr>
</thead>
<tbody>
<tr>
<td>ISAE 3000 (Revised) Paragraph A61</td>
<td>ISQC 1 deals with the firm’s responsibilities to establish and maintain its system of quality control for assurance engagements. It sets out the responsibilities of the firm for establishing policies and procedures designed to provide it with reasonable</td>
<td>• N/A</td>
</tr>
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</table>

**IAASB Standards**

<table>
<thead>
<tr>
<th>Standard</th>
<th>Extant Paragraphs</th>
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<tbody>
<tr>
<td>IFAC’s Member Body Compliance Program and Statements of Membership Obligations. Such measures include:</td>
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<tr>
<td>• Competency requirements, such as education and experience benchmarks for entry to membership, and ongoing continuing professional development as well as life-long learning requirements.</td>
<td></td>
</tr>
<tr>
<td>• Quality control policies and procedures implemented across the firm. ISQC 1 applies to all firms of professional accountants in respect of assurance and related services engagements.</td>
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<tr>
<td>• A comprehensive Code of Ethics, including detailed independence requirements, founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.</td>
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</tbody>
</table>
**IAASB Standards** | **Notes in Relation to the 2018 IESBA Code** | **Proposed Changes to the IAASB Standards** | **Category of change**
---|---|---|---
**Standard** | **Extant Paragraphs** | **Proposed Change** | 
assurance that the firm and its personnel comply with relevant ethical requirements, including those pertaining to independence. Compliance with ISQC 1 requires, among other things, that the firm establish and maintain a system of quality control that includes policies and procedures addressing each of the following elements, and that it documents its policies and procedures and communicates them to the firm’s personnel: …

ISAE 3000 (Revised) Paragraph A65 | Unless information provided by the firm or other parties suggests otherwise, the engagement team is entitled to rely on the firm’s system of quality control. For example, the engagement team may rely on the firm’s system of quality control in relation to:

(a) Competence of personnel through their recruitment and formal training.

(b) Independence through the accumulation and communication of relevant independence information.

(c) Maintenance of client relationships through acceptance and continuance systems.

<p>| • N/A | N/A | N/A |</p>
<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>ISAE 3000 (Revised) Paragraph A68</td>
<td>(d) Adherence to regulatory and legal requirements through the monitoring process. In considering deficiencies identified in the firm’s system of quality control that may affect the assurance engagement, the engagement partner may consider measures taken by the firm to rectify those deficiencies.</td>
<td>• Update references to the Code  • Requirement in paragraph 210.6 of the Code changed to application material</td>
<td>1</td>
</tr>
</tbody>
</table>
## Notes in Relation to the 2018 IESBA Code

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<tbody>
<tr>
<td><strong>ISAE 3000 (Revised)</strong></td>
<td><strong>Paragraph A75</strong></td>
<td>Other matters that may be considered in an engagement quality control review include:</td>
<td>N/A</td>
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<td></td>
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<td>(a) The engagement team’s evaluation of the firm’s independence in relation to the engagement;</td>
<td>N/A</td>
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<td></td>
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<td>(b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and</td>
<td>N/A</td>
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<td></td>
<td></td>
<td>(c) Whether engagement documentation selected for review reflects the work performed in relation to the significant judgments and supports the conclusions reached.</td>
<td>N/A</td>
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<td></td>
<td></td>
<td>• No changes identified</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>ISAE 3000 (Revised)</strong></td>
<td><strong>Paragraph A81</strong></td>
<td>Professional judgment is essential to the proper conduct of an assurance engagement. This is because interpretation of relevant ethical requirements and relevant ISAE and the informed decisions required throughout the engagement cannot be made without the application of relevant training, knowledge, and experience to the facts and circumstances.</td>
<td>N/A</td>
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<td></td>
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<td>• See comment on ISA 200 Paragraph A25</td>
<td>N/A</td>
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<tr>
<td>ISAE 3000 (Revised) Paragraph A82</td>
<td>The distinguishing feature of the professional judgment expected of a practitioner is that it is exercised by a practitioner whose training, knowledge and experience have assisted in developing the necessary competencies to achieve reasonable judgments.</td>
<td>• See comment on ISA 200 Paragraph A25</td>
<td>N/A</td>
</tr>
<tr>
<td>ISAE 3000 (Revised) Paragraph A102</td>
<td>The practitioner may have additional responsibilities under law, regulation or relevant ethical requirements regarding an entity’s non-compliance with laws and regulations, which may differ from or go beyond the practitioner’s responsibilities under this ISAE, such as: (a) Responding to identified or suspected non-compliance with laws and regulations, including requirements in relation to specific communications with management and those charged with governance and considering whether further action is needed; (b) Communicating identified or suspected non-compliance with laws and regulations to an auditor; and</td>
<td>• Update reference to the Code</td>
<td>7</td>
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</table>

7 See, for example, Sections 225.44–225.48 paragraphs R360.31–360.35 A1 of the IESBA Code.
<table>
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<tbody>
<tr>
<td><strong>(c)</strong> Documentation requirements regarding identified or suspected non-compliance with laws and regulations. Complying with any additional responsibilities may provide further information that is relevant to the practitioner’s work in accordance with this and any other ISAE (e.g., regarding the integrity of the responsible party or those charged with governance). Paragraphs A194–A198 further address the practitioner’s responsibilities under law, regulation or relevant ethical requirements regarding communicating and reporting identified or suspected non-compliance with laws and regulations. 7 See, for example, Sections 225.44–225.48 of the IESBA Code.</td>
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<tr>
<td><strong>ISAE 3000 (Revised)</strong> Paragraph A124</td>
<td>Engagement teams are entitled to rely on the firm’s system of quality control, unless information provided by the firm or other parties suggests otherwise. The extent of that reliance will vary with the circumstances, and may affect the nature, timing and extent of the practitioner’s procedures with respect to such matters as: …</td>
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<tr>
<td>Standard Extant Paragraphs</td>
<td>Proposed Change</td>
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<tr>
<td><strong>ISAE 3000 (Revised) Paragraph A128</strong></td>
<td>The evaluation of the significance of threats to objectivity and of whether there is a need for safeguards may depend upon the role of the practitioner’s expert and the significance of the expert’s work in the context of the engagement. There may be some circumstances in which safeguards cannot reduce threats to an acceptable level, for example, if a proposed practitioner’s expert is an individual who has played a significant role in preparing the subject matter information.</td>
<td>Under the extant Code, safeguards include actions or measures that eliminate or reduce the threats to an acceptable level. Under the revised Code, safeguards are measures that are applied to reduce the threats, while measures to eliminate threats are separate.</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>ISAE 3000 (Revised) Paragraph A173</strong></td>
<td>The following is an illustration of a statement in the assurance report regarding compliance with ethical requirements: We have complied with the independence and other ethical requirements of the Code</td>
<td>The following is an illustration of a statement in the assurance report regarding compliance with ethical requirements: We have complied with the independence and other ethical requirements of the International</td>
<td>3</td>
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<td>IAASB Standards</td>
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<td>of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.</td>
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<td></td>
<td>Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.</td>
<td></td>
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<tr>
<td>ISAE 3000 (Revised) Paragraph A194</td>
<td>Relevant ethical requirements may include a requirement to report identified or suspected non-compliance with laws and regulations to an appropriate level of management or those charged with governance. In some jurisdictions, law or regulation may restrict the practitioner’s communication of certain matters with the responsible party, management or those charged with governance. Law or regulation may specifically prohibit a communication, or other action, that might prejudice an investigation by an appropriate authority into an actual, or suspected, illegal act, including alerting the entity, for example, when the practitioner is required to report the identified or suspected non-compliance to an appropriate authority pursuant to anti-money laundering legislation. In these circumstances, the issues considered by the practitioner may</td>
<td>• No changes identified – see paragraphs R360.6 and 360.36 A3</td>
<td>N/A</td>
<td>N/A</td>
</tr>
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</table>
| ISAE 3000       |                  | be complex and the practitioner may consider it appropriate to obtain legal advice. | **•** Update footnote  
**•** No other change identified – see paragraphs R360.36–360.36 A3 | 1 |
| (Revised)       |                  | Law, regulation or relevant ethical requirements may:  
(a) Require the practitioner to report identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity.  
(b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.\(^8\) | 8 See, for example, paragraphs R360.36 - 360.37 Section 225.51 to 225.52 of the IESBA Code. | |
| Paragraph A195  |                  | 8 See, for example, Section 225.51 to 225.52 of the IESBA Code. | N/A | |
| ISAE 3000       |                  | Reporting identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be required or appropriate in the circumstances because:  
(a) Law, regulation or relevant ethical requirements require the practitioner to report;  
(b) The practitioner has determined reporting is an appropriate action to respond to identified or suspected | **•** No changes identified – see paragraphs R360.36–360.36 A3 | N/A |
| (Revised)       |                  | | | |
| Paragraph A196  |                  | | | |

\(^8\) See, for example, Section 225.51 to 225.52 of the IESBA Code.
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<tr>
<td>ISAE 3000 (Revised) Paragraph A197</td>
<td>The reporting of identified or suspected non-compliance with laws and regulations in accordance with law, regulation or relevant ethical requirements may include non-compliance with laws and regulations that the practitioner comes across or is made aware of when performing the engagement but which may not affect the subject matter information. Under this ISAE, the practitioner is not expected to have a level of understanding of laws and regulations beyond those affecting the subject matter information. However, law, regulation or relevant ethical requirements may expect the practitioner to apply knowledge, professional judgment and expertise in responding to such non-compliance. Whether an act constitutes actual non-compliance is ultimately a matter to be determined by a court or other appropriate adjudicative body.</td>
<td>• No changes identified – see paragraphs R360.29 A1</td>
<td>N/A</td>
<td>N/A</td>
</tr>
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</table>
| ISAE 3000 (Revised) Paragraph A198 | In some circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the practitioner’s duty of confidentiality under law, regulation, or relevant ethical requirements. In other cases, reporting identified or suspected non-compliance to an appropriate authority outside the entity would not be considered a breach of the duty of confidentiality under the relevant ethical requirements. 9 | • Update footnote reference  
• No other changes identified – see paragraphs R360.6 and 360.36 A3 | 9 See, for example, paragraphs R114.1, 114.1A1 and R360.37 Section 140.7 and Section 225.53 of the IESBA Code. | 1 |
| ISAE 3000 (Revised) Paragraph A199 | The practitioner may consider consulting internally (e.g., within the firm or network firm), obtaining legal advice to understand the professional or legal implications of taking any particular course of action, or consulting on a confidential basis with a regulator or a professional body (unless doing so is prohibited by law or regulations or would breach the duty of confidentiality). 10 | • Update footnote reference  
• No other changes identified – see paragraph 360.39 A1 | 10 See, for example, paragraph 360.39 A1 Section 225.55 of the IESBA Code | 1 |

9 See, for example, Section 140.7 and Section 225.53 of the IESBA Code.

10 See, for example, Section 225.55 of the IESBA Code.
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<td><strong>ISAE 3000 (Revised)</strong> Paragraph A204</td>
<td>Documentation may include a record of, for example: • Issues identified with respect to compliance with relevant ethical requirements and how they were resolved. • Conclusions on compliance with independence requirements that apply to the engagement, and any relevant discussions with the firm that support these conclusions. • Conclusions reached regarding the acceptance and continuance of client relationships and assurance engagements. • The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagement.</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ISAE 3402 Paragraph 6</td>
<td>Compliance with ISAE 3000 (Revised) requires, among other things, compliance with Parts A and B of the <em>Code of Ethics for Professional Accountants</em> issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements</td>
<td>• Refer to glossary for explanation</td>
<td>Compliance with ISAE 3000 (Revised) requires, among other things, compliance with the provisions <strong>Parts A and B</strong> of the <em>International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)</em> issued by the International Ethics Standards Board for</td>
<td>1 &amp; 3</td>
</tr>
<tr>
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<td>imposed by law and regulation, that are at least as demanding. It also requires the engagement partner to be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1.</td>
<td>Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law and regulation, that are at least as demanding. It also requires the engagement partner to be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1.</td>
<td>5 ISAE 3000 (Revised), paragraphs 3(a), 20 and 24 6 ISAE 3000 (Revised), paragraphs 3(b) and 31 (a). International Standard of Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements.</td>
<td></td>
</tr>
<tr>
<td>ISAE 3402</td>
<td>The service auditor shall comply with Parts A and B of the IESBA Code relating to assurance engagements or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A5)</td>
<td>The service auditor shall comply with the provisions Parts A and B of the IESBA Code relating to assurance engagements or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A5)</td>
<td>1 ISAE 3402 Paragraph 53(i)</td>
<td></td>
</tr>
<tr>
<td>Paragraph 11</td>
<td>A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as the provisions Parts A and B of</td>
<td>A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as the provisions Parts A and B of</td>
<td>1 ISAE 3402 Paragraph 53(i)</td>
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<td><strong>Proposed Change</strong></td>
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<tr>
<td>ISAE 3402 Paragraph A5</td>
<td>requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least demanding as Parts A and B of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements.</td>
<td>the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as the provisions Parts A and B of the IESBA Code related to assurance engagements.</td>
</tr>
<tr>
<td>ISAE 3402 Paragraph A44</td>
<td>The IESBA Code requires that a service auditor not be associated with information where the service auditor believes that the information: (a) Contains a materially false or misleading statement;</td>
<td>• Refer to glossary for explanation</td>
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<td></td>
<td>• Update footnote reference</td>
<td>The service auditor is subject to relevant independence requirements, which ordinarily comprise the International Independence Standards Parts A and B of the IESBA Code together with national requirements that are more restrictive. In performing an engagement in accordance with this ISAE, the IESBA Code does not require the service auditor to be independent from each user entity.</td>
</tr>
<tr>
<td></td>
<td>• Aligning with terminology used by the Code</td>
<td>The IESBA Code requires that a service auditor not be associated with information where the service auditor believes that the information: (a) Contains a materially false or misleading statement; (b) Contains statements or information provided furnished recklessly; or</td>
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<tr>
<td><strong>ISAE 3402</strong></td>
<td>(b) Contains statements or information furnished recklessly; or (c) Omits or obscures information required to be included where such omission or obscurity would be misleading. If other information included in a document containing the service organization’s description of its system and the service auditor’s assurance report contains future-oriented information such as recovery or contingency plans, or plans for modifications to the system that will address deviations identified in the service auditor’s assurance report, or claims of a promotional nature that cannot be reasonably substantiated, the service auditor may request that information be removed or restated. 14 IESBA Code, paragraph 110.2</td>
<td>(c) Omits or obscures required information required to be included where such omission or obscurity would be misleading. If other information included in a document containing the service organization’s description of its system and the service auditor’s assurance report contains future-oriented information such as recovery or contingency plans, or plans for modifications to the system that will address deviations identified in the service auditor’s assurance report, or claims of a promotional nature that cannot be reasonably substantiated, the service auditor may request that information be removed or restated. 14 IESBA Code paragraph, R111.2449.2</td>
</tr>
<tr>
<td><strong>Paragraph A53</strong></td>
<td>Appropriate actions to respond to the circumstances identified in paragraph 56, unless prohibited by law or regulation, may include: • Obtaining legal advice about the consequences of different courses of action.</td>
<td>• Update footnote reference – the paragraph references need to be expanded from extant to cover the communication</td>
</tr>
</tbody>
</table>

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<th>IAASB Standards</th>
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<tr>
<td>ISAE 3402</td>
<td>We have complied with the independence and other ethical requirements of the <em>Code of Ethics for Professional Accountants</em> issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional</td>
<td>• Update reference to the Code</td>
<td>We have complied with the independence and other ethical requirements of the <em>International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants</em> issued by the International Ethics Standards Board for Accountants—(including <em>International Independence Standards</em>) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional</td>
<td>3</td>
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<tr>
<td>Appendix 2</td>
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36 See, for example, Section 225.44 to 225.48 of the IESBA Code.
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<td>ISAE 3410</td>
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<td>Compliance with ISAE 3000 (Revised) requires, among other things, compliance with Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. It also requires the engagement partner to be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1. (Ref: Para. A5–A6)</td>
<td>1 &amp; 3</td>
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<tr>
<td>Paragraph 10</td>
<td></td>
<td></td>
<td>• Refer to glossary for explanation</td>
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<tr>
<td>ISAE 3410</td>
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<td></td>
<td>Compliance with ISAE 3000 (Revised) requires, among other things, compliance with the provisions in Parts A and B of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. It also requires the engagement partner to be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1. (Ref: Para. A5–A6)</td>
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<tr>
<td>Paragraph 67</td>
<td></td>
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<td>• No changes identified</td>
<td>N/A</td>
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<td>The practitioner shall include in the engagement documentation:</td>
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<td></td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>(a) Issues identified with respect to compliance with relevant ethical requirements and how they were resolved;</td>
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<tr>
<td>(b) Conclusions on compliance with independence requirements that apply to the engagement, and any</td>
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<tr>
<td>ISAE 3410</td>
<td>The assurance report shall include, at a minimum, the following basic elements: (Ref. Para. A134) ...</td>
<td>A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements.</td>
<td>• Refer to glossary for explanation</td>
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### IAASB Standards

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<td>ISAE 3410 Paragraph A5</td>
<td>The IESBA Code adopts a threats and safeguards approach to independence. Compliance with the fundamental principles may potentially be threatened by a broad range of circumstances. Many threats fall into the following categories: • Self-interest, for example, undue dependence on total fees from the entity. • Self-review, for example, performing another service for the entity that directly affects the GHG statement, such as involvement in the quantification of the entity’s emissions. • Advocacy, for example, acting as an advocate on behalf of the entity with respect to the interpretation of the applicable criteria. • Familiarity, for example, a member of the engagement team having a long association, or close or immediate family relationship, with an employee of the entity who is in a position to exert direct and significant influence over the preparation of the GHG statement. • Intimidation, for example, being pressured to reduce inappropriately the extent of</td>
<td>• Describing the Code as a threats and safeguards approach appears inaccurate</td>
<td>The IESBA Code adopts requires application of a conceptual framework to identify, evaluate and address threats to the fundamental principles and safeguards approach to independence. Compliance with the fundamental principles may potentially be threatened by a broad range of circumstances. Many threats fall into the following categories: • Self-interest, for example, undue dependence on total fees from the entity. • Self-review, for example, performing another service for the entity that directly affects the GHG statement, such as involvement in the quantification of the entity’s emissions. • Advocacy, for example, acting as an advocate on behalf of the entity with respect to the interpretation of the applicable criteria. • Familiarity, for example, a member of the engagement team having a long association, or close or immediate family relationship, with an employee of the entity who is in a position to exert direct and significant influence over the preparation of the GHG statement. • Intimidation, for example, being pressured to reduce inappropriately the extent of</td>
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<td>Proposed Change</td>
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<tr>
<td>ISAE 3410</td>
<td></td>
<td>work performed in order to lower fees, or being threatened with withdrawal of the practitioner’s registration by a registering authority that is associated with the entity’s industry group.</td>
<td></td>
<td></td>
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<tr>
<td>Paragraph A6</td>
<td>pressured to reduce inappropriately the extent of work performed in order to lower fees, or being threatened with withdrawal of the practitioner’s registration by a registering authority that is associated with the entity’s industry group.</td>
<td>Safeguards created by the profession, law or regulation, or safeguards in the work environment, may eliminate or reduce such threats to an acceptable level. In cases when identified threats are not at an acceptable level, the IESBA Code requires that the threats be addressed by eliminating the circumstances that create the threats, applying safeguards, or withdrawing from the engagement, where withdrawal is possible under applicable law or regulation.</td>
<td></td>
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<tr>
<td>ISAE 3410</td>
<td>Relevant matters that the engagement team may request another practitioner to communicate include:</td>
<td>N/A</td>
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<td>Paragraph A114</td>
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<td>N/A</td>
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<td>ISAE 3410</td>
<td>Paragraph A123</td>
<td>If the engagement does not include assurance on comparative information, the requirement to perform procedures in the circumstances addressed by paragraph 63(a) is to satisfy the practitioner’s ethical obligation to not knowingly be associated with materially false or misleading information.</td>
<td>• N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ISAE 3410</td>
<td>Paragraph A130</td>
<td>Other matters that may be considered in an engagement quality control review include:</td>
<td>• N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ISAE 3410</td>
<td>Appendix 2</td>
<td>We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.</td>
<td>• Update reference to the Code</td>
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</tr>
<tr>
<td>ISAE 3420</td>
<td>Paragraph 8</td>
<td>Compliance with ISAE 3000 (Revised) requires, among other things, compliance</td>
<td>• Refer to glossary for explanation</td>
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<td>with Parts A and B of the <em>Code of Ethics for Professional Accountants</em> issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. It also requires the engagement partner to be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1.</td>
<td>provisions Parts A and B of the <em>International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards)</em> issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. It also requires the engagement partner to be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1.</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>ISAE 3420 Paragraph 13</td>
<td>Before agreeing to accept an engagement to report on whether pro forma financial information included in a prospectus has been compiled, in all material respects, on the basis of the applicable criteria, the practitioner shall:</td>
<td>No changes that affect this application material – see section 320</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
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3 ISAE 3000 (Revised), paragraphs 3(a), 20 and 24
4 ISAE 3000 (Revised), paragraphs 3(b) and 31 (a).

International Standard of Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements.

International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. It also requires the engagement partner to be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1.

ISAE 3000 (Revised), paragraphs 3(a), 20 and 24
3 ISAE 3000 (Revised), paragraphs 3(a), 20 and 24
4 ISAE 3000 (Revised), paragraphs 3(b) and 31 (a).

International Standard of Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements.
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<td>ISAE 3420</td>
<td>(a) Determine that those persons who are to perform the engagement collectively have the appropriate competence and capabilities; (Ref: Para. A10)</td>
<td></td>
<td>The practitioner’s report shall include, at a minimum, the following basic elements: (Ref: Para. A51) A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law and regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements.</td>
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<td>The practitioner’s report shall include, at a minimum, the following basic elements: (Ref: Para. A51) A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law and regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements.</td>
<td>• Refer to glossary for explanation</td>
<td>The IESBA Code requires the practitioner to maintain appropriate professional knowledge and skill, including an update footnote reference</td>
<td>1 &amp; 4</td>
</tr>
<tr>
<td>ISAE 3420</td>
<td>The IESBA Code requires the practitioner to maintain appropriate professional knowledge and skill, including an</td>
<td></td>
<td>The IESBA Code requires the practitioner to comply with the principle of professional competence and due care by attaining and</td>
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|                 | awareness and understanding of relevant technical, professional and business developments, in order to provide competent professional service. In the context of this requirement of the IESBA Code, relevant capabilities and competence to perform the engagement also include matters such as the following:  
• Knowledge and experience of the industry in which the entity operates;  
• An understanding of the relevant securities laws and regulations and related developments;  
• An understanding of the listing requirements of the relevant securities exchange and of capital market transactions such as mergers, acquisitions and securities offerings;  
• Familiarity with the process of preparing a prospectus and listing securities on the securities exchange; and  
• Knowledge of the financial reporting frameworks used in the preparation of the sources from which the unadjusted financial information and, if applicable, the acquiree’s financial information have been extracted. | maintaining appropriate professional knowledge and skill, including an awareness and understanding of relevant technical, professional and business developments, in order to provide competent professional service, based on current technical and professional standards and relevant legislation and to act diligently in accordance with such professional standards and legislation. In the context of this requirement of the IESBA Code, relevant capabilities and professional competence to perform the engagement also may include matters such as the following: |  |
|                 | Paragraph R113.1 – 113.1A2 of the IESBA Code now include these requirements, but seem to have been slightly amended |  |  |

7 IESBA Code, paragraphs R113.1–130.1–130.3
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| ISAE 3420        | Paragraph A41     | The IESBA Code requires that a practitioner not knowingly be associated with reports, returns, communications or other information that the practitioner believes:⁹  
(a) Contain a materially false or misleading statement;  
(b) Contain statements or information furnished recklessly; or  
(c) Omit or obscure information required to be included where such omission or obscurity would be misleading.  
⁹ IESBA Code, paragraph 110.2 | • Update footnote reference  
• Minor changes to wording of the requirement in the Code  
(a) Contain a materially false or misleading statement;  
(b) Contain statements or information furnished recklessly; or  
(c) Omit or obscure required information required to be included where such omission or obscurity would be misleading.  
⁹ IESBA Code, paragraph R111.2 | 1 & 4 |
| ISAE 3420        | Paragraph A51     | A title indicating that the report is the report of an independent practitioner, for example, "Independent Practitioner’s Assurance Report on the Compilation of Pro Forma Financial Information Included in a Prospectus," affirms that the practitioner has met all of the relevant ethical requirements regarding independence as required by ISAE 3000 (Revised).¹⁰ This distinguishes the report of the independent practitioner from reports issued by others.  
¹⁰ ISAE 3000 (Revised), paragraph 20 | • No changes identified | N/A |
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|                  |                   |                                        |                                        |                   |</p>
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<td><strong>ISAE 3420 Appendix</strong></td>
<td>We have complied with the independence and other ethical requirement of the <em>Code of Ethics for Professional Accountants</em> issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.</td>
<td>We have complied with the independence and other ethical requirement of the <em>International Ethics Standards Board for Accountants</em> <em>International Code of Ethics for Professional Accountants (including International Independence Standards)</em> issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.</td>
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| **ISRS 4400 Paragraph 7** | The auditor should comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA Code). Ethical principles governing the auditor’s professional responsibilities for this type of engagement are:  
(a) Integrity;  
(b) Objectivity;  
(c) Professional competence and due care;  
(d) Confidentiality;  
(e) Professional behavior; and  
(f) Technical standards.  
Independence is not a requirement for | • Update reference to the Code  
• The references to the fundamental principles are outdated – see paragraph 110.1 A1 | 1 & 3 |
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<tr>
<td>ISRS 4410 (Revised) Paragraph 17(g)</td>
<td>* Relevant ethical requirements – Ethical requirements the engagement team is subject to when undertaking compilation engagements. These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) (excluding Section 290, Independence—Audit and Review Engagements, and Section 291, Independence—Other Assurance Engagements in Part B), together with national requirements that are more restrictive. (Ref: Para. A21)</td>
<td>* Refer to glossary for explanation</td>
<td>1 &amp; 3</td>
</tr>
<tr>
<td>ISRS 4410 (Revised) Paragraph 21</td>
<td>* The practitioner shall comply with relevant ethical requirements. (Ref: Para. A19–A21e)</td>
<td>* No changes identified</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Independence is not a requirement for agreed-upon procedures engagements; however, the terms or objectives of an engagement or national standards may require the auditor to comply with the independence requirements of the IESBA Code. Where the auditor is not independent, a statement to that effect would be made in the report of factual findings.
<table>
<thead>
<tr>
<th>IAASB Standards</th>
<th>Extant Paragraphs</th>
<th>Notes in Relation to the 2018 IESBA Code</th>
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<th>Category of change</th>
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<tbody>
<tr>
<td>ISRS 4410</td>
<td>Paragraph 23(b)</td>
<td>The engagement partner shall take responsibility for:</td>
<td>The engagement partner shall take responsibility for:</td>
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<td>(b) The engagement being performed in accordance with the firm’s quality control policies and procedures, by: (Ref: Para. A25)</td>
<td>(b) The engagement being performed in accordance with the firm’s quality control policies and procedures, by: (Ref: Para. A25)</td>
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<td>(i) Following appropriate procedures regarding the acceptance and continuance of client relationships and engagements; (Ref: Para. A26)</td>
<td>(i) Following appropriate procedures regarding the acceptance and continuance of client relationships and engagements; (Ref: Para. A26)</td>
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<td>(iii) Being alert for indications of non-compliance by members of the engagement team with relevant ethical requirements, and determining the appropriate action if matters come to the engagement partner’s attention indicating that members of the engagement team have not complied with relevant ethical requirements; (Ref: Para. A27)</td>
<td>(iii) Being alert for indications of breaches of relevant ethical requirements by members of the engagement team with relevant ethical requirements, and determining the appropriate action if matters come to the engagement partner’s attention indicating that members of the engagement team have not complied with relevant ethical requirements; (Ref: Para. A27)</td>
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<tr>
<td>ISRS 4410</td>
<td>The practitioner’s report issued for the compilation engagement shall be in writing, and shall include the following elements: (Ref: Para. A56–A57, A63) ... (g) A description of the practitioner’s responsibilities in compiling the financial information, including that the engagement was performed in accordance with this ISRS, and that the practitioner has complied with relevant ethical requirements; ...</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ISRS 4410</td>
<td>Part A of the IESBA Code establishes the fundamental principles of professional ethics that practitioners must comply with, and provides a conceptual framework for applying those principles. The fundamental principles are: (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior.</td>
<td>• Refer to paragraph A7 of ISQC 1 for explanation</td>
<td>Part A of the IESBA Code establishes the fundamental principles of professional ethics that practitioners must comply with, which are and provides a conceptual framework for applying those principles. The fundamental principles are: (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior.</td>
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<tr>
<td>IAASB Standards</td>
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<tr>
<td><strong>Standard</strong></td>
<td><strong>Extant Paragraphs</strong></td>
<td><strong>Proposed Change</strong></td>
<td><strong>Notes</strong></td>
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<tr>
<td><strong>Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. In complying with the IESBA Code, threats to the practitioner's compliance with relevant ethical requirements are required to be identified and appropriately addressed.</strong></td>
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<tr>
<td><strong>ISRS 4410 (Revised)</strong></td>
<td><strong>Paragraph A20</strong></td>
<td>Under the IESBA Code, in applying the principle of integrity, a professional accountant is required to not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information: (a) Contains a materially false or misleading statement; (b) Contains statements or information furnished recklessly; or</td>
<td>Under the IESBA Code, in applying the principle of integrity, a professional accountant is required to not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information: (a) Contains a materially false or misleading statement; (b) Contain statements or information furnished recklessly; or (c) Omit or obscure required information</td>
<td>1 &amp; 4</td>
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### IAASB Standards

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<tr>
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<tr>
<td>(c)</td>
<td>Omits or obscures information required to be included where such omission or obscurity would be misleading. When a professional accountant becomes aware that the accountant has been associated with such information, the accountant is required by the IESBA Code to take steps to be disassociated from that information.</td>
<td>Required to be included where such omission or obscurity would be misleading. When a professional accountant becomes aware that the accountant has been associated with such information, the accountant is required by the IESBA Code to take steps to be disassociated from that information.</td>
<td>5 IESBA Code Part A, paragraph R111.2410.2</td>
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<tr>
<td>ISRS 4410 (Revised) Paragraph A21</td>
<td>Notwithstanding that Section 290, Independence—Audit and Review Engagements and Section 291, Independence—Other Assurance Engagements in Part B of the IESBA Code do not apply to compilation engagements, national ethical codes or laws or regulations may specify requirements or disclosure rules pertaining to independence.</td>
<td>Update reference to the Code</td>
<td>1</td>
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<tr>
<td>ISRS 4410</td>
<td>Paragraph A22</td>
<td>Law, regulation or relevant ethical</td>
<td>• Update footnote</td>
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<td>requirements may:</td>
<td>• No changes identified – see paragraphs</td>
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<td>R360.36–360.36 A3</td>
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<td>(a) Require the practitioner to report</td>
<td>37 See, for example, paragraphs R360.36</td>
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<td>identified or suspected non-compliance</td>
<td>and R360.37 Section 225.51 to 225.52</td>
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<td>with laws and regulations to an</td>
<td>of the IESBA Code.</td>
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<td>appropriate authority outside the entity.</td>
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<td>(b) Establish responsibilities under</td>
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<td>which reporting to an appropriate</td>
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<td>authority outside the entity may be</td>
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<td>appropriate in the circumstances.</td>
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<td>37 See, for example, Section 225.51 to</td>
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<tr>
<td>ISRS 4410</td>
<td>Paragraph</td>
<td>Reporting identified or suspected</td>
<td>No changes identified – see paragraphs</td>
<td>N/A</td>
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<td>(Revised)</td>
<td>A21b</td>
<td>non-compliance with laws and regulations</td>
<td>R360.36–360.36 A3</td>
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<td>to an appropriate authority outside the</td>
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<td>entity may be required or appropriate</td>
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<td>in the circumstances because:</td>
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<td>(a) Law, regulation or relevant ethical</td>
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<td>requirements require the practitioner</td>
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<td>to report;</td>
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<td>(b) The practitioner has determined</td>
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<td>reporting is an appropriate action to</td>
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<td>compliance in accordance with relevant</td>
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<td>ethical requirements; or</td>
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## Notes in Relation to the 2018 IESBA Code

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<tr>
<th>IAASB Standards</th>
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</thead>
<tbody>
<tr>
<td><strong>Standard</strong></td>
<td><strong>Extant Paragraphs</strong></td>
</tr>
<tr>
<td>ISRS 4410 (Revised) Paragraph A21c</td>
<td>Under paragraph 28 of this ISRS, the practitioner is not expected to have a level of understanding of laws and regulations beyond that necessary to be able to perform the compilation engagement. However, law, regulation or relevant ethical requirements may expect the practitioner to apply knowledge, professional judgment and expertise in responding to identified or suspected non-compliance. Whether an act constitutes actual non-compliance is ultimately a matter to be determined by a court or other appropriate adjudicative body.</td>
</tr>
</tbody>
</table>
| ISRS 4410 (Revised) Paragraph A25 | In some circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the practitioner’s duty of confidentiality under law, regulation or relevant ethical requirements. In other cases, reporting identified or suspected non-compliance to an appropriate authority outside the entity would not be considered a breach of the duty of confidentiality under the relevant ethical requirements. | • Update footnote reference  
• No other changes identified – see paragraph R360.6 and 360.36 A3 | 38 See, for example, paragraphs R114.1, 114.1A1 and R360.37–Section 140.7 and Section 225.53 of the IESBA Code. | 1 |
<table>
<thead>
<tr>
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</thead>
</table>
| **ISRS 4410 (Revised)** Paragraph A21e | The practitioner may consider consulting internally (e.g., within the firm or network firm), obtaining legal advice to understand the professional or legal implications of taking any particular course of action, or consulting on a confidential basis with a regulator or a professional body (unless doing so is prohibited by law or regulations or would breach the duty of confidentiality).³⁹ | • Update footnote reference  
• No other changes identified – see paragraph 360.39 A1 | ³⁹ See, for example, paragraph 360.39 A1 Section 225.55 of the IESBA Code | 1 |
<p>| <strong>ISRS 4410 (Revised)</strong> Paragraph A22 | Professional judgment is essential to the proper conduct of a compilation engagement. This is because interpretation of relevant ethical requirements and the requirements of this ISRS, and the need for informed decisions throughout the performance of a compilation engagement, require the application of relevant knowledge and experience to the facts and circumstances of the engagement. Professional judgment is necessary, in particular, when the engagement involves assisting management of the entity regarding decisions about: | • See comment on ISA 200 Paragraph A25 | N/A | N/A |</p>
<table>
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<tr>
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<tr>
<td><strong>ISRS 4410</strong> (Revised) Paragraph A23</td>
<td>Professional judgment involves the application of relevant training, knowledge and experience, within the context provided by this ISRS and accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the compilation engagement.</td>
<td>• See comment on ISA 200 Paragraph A25</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>ISRS 4410</strong> (Revised) Paragraph A26</td>
<td>ISQC 1 requires the firm to obtain such information as it considers necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client. Information that assists the engagement partner in determining whether acceptance or continuance of client relationships and compilation engagements is appropriate may include information concerning the integrity of the principal owners, key management and those charged with governance. If the engagement partner has cause to doubt management's integrity to a degree that is likely to affect proper performance of the engagement, it may not be appropriate to accept the engagement.</td>
<td>• No changes identified – see section 320</td>
<td>N/A</td>
<td>N/A</td>
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</table>
## IAASB Standards

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<tr>
<td>ISRS 4410 (Revised) Paragraph A27</td>
<td>ISQC 1 sets out the responsibilities of the firm for establishing policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements. This ISRS sets out the engagement partner’s responsibilities with respect to the engagement team’s compliance with relevant ethical requirements.</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ISRS 4410 (Revised) Appendix 1</td>
<td>We will perform the compilation engagement in accordance with the International Standard on Related Services (ISRS) 4410 (Revised), <em>Compilation Engagements</em>. ISRS 4410 (Revised) requires that, in undertaking this engagement, we comply with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care. For that purpose, we are required to comply with the International Ethics Standards Board for Professional Accountants’ <em>Code of Ethics for Professional Accountants</em> (IESBA Code).</td>
<td>• Update to title of IESBA Code</td>
<td>We will perform the compilation engagement in accordance with the International Standard on Related Services (ISRS) 4410 (Revised), <em>Compilation Engagements</em>. ISRS 4410 (Revised) requires that, in undertaking this engagement, we comply with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care. For that purpose, we are required to comply with the International Ethics Standards Board for Professional Accountants’ <em>International Code of Ethics for Professional Accountants</em> (including International Independence Standards) (IESBA Code).</td>
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<tr>
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<tr>
<td>ISRS 4410 (Revised) Appendix 2</td>
<td>We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements on the basis of accounting described in Note X to the financial statements. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.</td>
<td>• No changes identified</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>International Framework for Assurance Engagements Paragraph 2</td>
<td>This Framework is not a Standard and, accordingly, does not establish any requirements (or basic principles or essential procedures) for the performance of audits, reviews, or other assurance engagements. An assurance report cannot, therefore, claim that an engagement has been conducted in accordance with this Framework, but rather should refer to relevant Assurance Standards. Assurance Standards contain objectives, requirements, application and other explanatory material, introductory material and definitions that are consistent with this Framework, and are to be applied in audit, review, and other assurance engagements. Appendix 1 illustrates the ambit of pronouncements issued by the International Auditing and Assurance Standards Board (IAASB) and their relationship to each other and to the International Ethics Standards Board for Accountants’ International Code of Ethics for</td>
<td>• Update to the title of the Code</td>
<td>This Framework is not a Standard and, accordingly, does not establish any requirements (or basic principles or essential procedures) for the performance of audits, reviews, or other assurance engagements. An assurance report cannot, therefore, claim that an engagement has been conducted in accordance with this Framework, but rather should refer to relevant Assurance Standards. Assurance Standards contain objectives, requirements, application and other explanatory material, introductory material and definitions that are consistent with this Framework, and are to be applied in audit, review, and other assurance engagements. Appendix 1 illustrates the ambit of pronouncements issued by the International Auditing and Assurance Standards Board (IAASB) and their relationship to each other and to the International Ethics Standards Board for Accountants’ International Code of Ethics for</td>
<td>3</td>
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</table>
## International Framework for Assurance Engagements

### Ethical Principles and Quality Control Standards

Quality control within firms that perform assurance engagements, and compliance with ethical principles, including independence requirements, are widely recognized as being in the public interest and an integral part of high-quality assurance engagements. Such engagements are performed in accordance with Assurance Standards, which are premised on the basis that:

(a) The members of the engagement team and the engagement quality control reviewer (for those engagements where one has been appointed) are subject to Parts A and B of the IESBA Code related to assurance engagements, other professional requirements, or requirements in law or regulation, that are at least demanding; and

### Proposed Changes to the IAASB Standards

- Reflecting the structural changes to the Code

### Notes in Relation to the 2018 IESBA Code

**Ethical Principles and Quality Control Standards**

Quality control within firms that perform assurance engagements, and compliance with ethical principles, including independence requirements, are widely recognized as being in the public interest and an integral part of high-quality assurance engagements. Such engagements are performed in accordance with Assurance Standards, which are premised on the basis that:

(a) The members of the engagement team and the engagement quality control reviewer (for those engagements where one has been appointed) are subject to the provisions of Parts A and B of the IESBA Code related to assurance engagements, other professional requirements, or requirements in law or regulation, that are at least demanding; and

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1. For more information on the structural changes to the Code, see the Preface to the International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements.
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<td><strong>Proposed Change</strong></td>
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<td>(b) …</td>
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<td>b) …</td>
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<tr>
<td>International Framework for Assurance Engagements Paragraph 6</td>
<td>The IESBA Code Part A of the IESBA Code establishes the following fundamental principles with which the practitioner is required to comply: (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior.</td>
<td>• Reflecting the structural changes to the Code</td>
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<tr>
<td>International Framework for Assurance Engagements Paragraph 7</td>
<td>Part A also provides a conceptual framework for professional accountants to apply to identify threats to compliance with the fundamental principles, evaluate the significance of the threats identified, and apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level.</td>
<td>• Reflecting the structural changes to the Code • Aligning with terminology used in the Code</td>
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<td>The IESBA Code Part A of the IESBA Code establishes the following fundamental principles of ethics, which are with which the practitioner is required to comply: (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior.</td>
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<tr>
<td>International Framework for Assurance Engagements Paragraph 8</td>
<td>Part B of the IESBA Code describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including independence. The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism.</td>
<td>• Reflecting the structural changes to the Code</td>
<td>Part B of the IESBA Code sets out requirements and application material on various topics describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including independence. The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism.</td>
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