PIOB Monitoring of Comment Letters submitted by MG/IFIAR/CEAOB Members

to the IESBA ED "Proposed revisions to the Non-assurance Services provisions of the Code" (published in January 2020)

PIOB
Enhancing Public Interest

As of April 2021

#	Respondent	Group	Issue	Description	SSB's Disposition of Comment in final text approved
	International Organizations of Securities Commissions (IOSCO)				
1	IOSCO	MG	Stricter provisions in local jurisdictions	IESBA should acknowledge that in many jurisdictions the current rules go beyond the provisions contained in the Exposure Drafts. Defining more stringent provisions could therefore serve to achieve a more widespread acceptance of the Code and consistency of application.	Par. 600.6 A1 states: "If there are laws and regulations in a jurisdiction relating to the provision of non-assurance services to audit clients that differ from or go beyond those set out in this section, firms providing non-assurance services to which such provisions apply need to be aware of those differences and comply with the more stringent provisions".
2	IOSCO	MG	Sufficiency of safeguards - Pre-issuance review	Strongly believe that the more commonly-used safeguards in the proposal may be inadequate. Specifically: • Using professionals who are not audit team members to perform the service and, • Having an appropriate reviewer who was not involved in providing the service review the audit work or service performed (e.g., 600.16 A3). Question how having another professional within that firm or network firm can be used as an effective safeguard. The professional staff member may be incentivized to make judgments that protect the economics and other interests of the firm rather than the public interest and needs of investors. Examples of safeguards in 600.20 A1 (recommending that the audit client engage another firm to review the work; engaging another firm to evaluate the results of NAS or having another firm reperform the NAS) are much more effective and should be used in certain other areas.	The NAS provisions retain the use of professionals, who are not audit team members, and appropriate reviewers, not involved in providing the service, as general safeguards to address threats when providing NAS. However, engaging another firm to evaluate the results of NAS or reperforming NAS is a safeguard foreseen in cases where an audit client later becomes a PIE (par. 600.25 A1).
3	IOSCO	MG	Related entities - revise scope for PIEs	For non-listed PIEs, paragraph R400.20 defines the term audit client to include only downstream related entities. Heightened expectations regarding the firm's independence are required where an audit client is a PIE whether listed or not and the Code should be strengthened accordingly.	The definition of related entities, for non-listed PIEs, applicable to Part 4A of the Code (Independence for Audit and Review Engagements), includes only entities over which the client has direct or indirect control (par. R 400.20). However, the text reads: "When the audit team knows, or has reason to believe, that a relationship or circumstance involving any other related entity of the client is relevant to the evaluation of the firm's independence from the client, the audit team shall include that related entity when identifying, evaluating and addressing threats to independence".
4	IOSCO	MG	Communication with TCWG of PIEs	Where local regulations permit, certain responses could be added to the application material related to para. R600.18 such as seeking and gaining preapproval from TCWG of the services prior to the commencement of the engagement.	Par. R 600.21 establishes that the audit firm (or network firm) shall inform TCWG before accepting an engagement to provide NAS to an audit client which is a PIE. The application material (par. 600.20 A2) foresees the possibility to agree with TCWG procedures for the provision of information about a proposed NAS, which might be on an individual engagement basis, under a general policy, or on any other agreed basis. Further, examples of information which may be provided to TCWG are listed in par. 600.21 A1 (e.g. nature and scope of service, amount of fees, etc.).
5	IOSCO	MG	Conflicts of prior-periods NAS provided to PIEs	Paragraph R600.20 should recognize that some prior services will always be conflicting when a client becomes later a PIE and may impair the firm's ability to continue as the company's auditor.	Par. R 600.25 acknowledges that "A NAS provided, either currently or previously, by a firm or a network firm to an audit client compromises the firm's independence when the client becomes a public interest entity", unless a number of conditions are met (e.g. NAS provided comply with the provisions, TCWG agree and threats that are not at an acceptable level are addressed). Examples of safeguards are provided in par. 600.25 A1 (e.g. review or reperform the audit work; engaging another firm to evaluate the results of NAS or reperforming NAS).
6	IOSCO	MG	Self-review threats in Valuation services	It is unclear how Paragraph R603.4 does not conflict with the prohibition of self-review threats. Valuations involving financial statement elements or disclosures will mostly involve a significant degree of subjectivity. In addition, the Code includes language that is too subjective and therefore difficult to enforce. Furthermore, there is no appropriate safeguard to address the threat of self-review arising from valuation services which impact the accounting records.	Par. R 603.4 applies to audit clients that are not PIEs and prohibits to the audit firm (or network firm) to provide valuation services if "the valuation involves a significant degree of subjectivity; and the valuation will have a material effect on the financial statements on which the firm will express an opinion". Par. 603.4 A1 explains in which cases valuations do not involve a significant degree of subjectivity. Par. 603.3 A3 includes the general safeguards to address threats (using professionals who are not audit team members or having appropriate reviewers).

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7	IOSCO	MG	Self-review threats in Tax services	Paragraph R604.4 needs to be formulated more strongly to acknowledge that in several jurisdictions taxation services to PIEs are already prohibited when they have a material effect on the FS. Preparing a tax calculation for current and deferred tax liabilities (or assets) for an audit client always gives rise to a certain degree of self-review threat. The ED intends a wide array of tax services to be permissible whereas in our experience, some of these services could create a conflict of interest.	Applicable to all audit clients is par. 604.4 A1: "Unless the tax treatment has a basis in applicable tax law or regulation that the firm is confident is likely to prevail, providing the non-assurance service described in paragraph R604.4 creates self-interest, self-review and advocacy threats that cannot be eliminated and safeguards are not capable of being applied to reduce such threats to an acceptable level".
8	IOSCO	MG	Materiality threasholds in Tax services	Establishing materiality thresholds with respect to tax planning and tax advisory services may not only prove difficult to define and enforce but may also create loopholes audit firms and clients alike will exploit undermining public confidence.	Par. 604.3 A1 reads "Providing tax services to an audit client might create a self-review threat when there is a risk that the results of the services will affect the accounting records or the financial statements on which the firm will express an opinion. Such services might also create an advocacy threat".
9	IOSCO	MG	Clarfications to provision of Internal audit services	The Code of Ethics might be more explicit in whether and to what extent it would be deemed permissible to provide internal audit services.	Par. R 605.6 reads "A firm or a network firm shall not provide internal audit services to an audit client that is a public interest entity if the provision of such services might create a self-review threat". Par. 605.6 A1 provides examples of services which are prohibited: internal controls over financial reporting, financial accounting systems "that generate information for the client's accounting records or financial statements on which the firm will express an opinion", etc.
10	IOSCO	MG	Prohibition/restriction of Litigation support services	Providing expert witness services should be forbidden, unless appointed by a tribunal or court. If not forbidden, then person involved should be immediately and fully withdrawn from any audit service to that client.	Par. R 607.9 states that "A firm or a network firm, or an individual within a firm or a network firm, shall not act for an audit client that is a public interest entity as an expert witness in a matter unless the circumstances set out in paragraph 607.7 A3 apply". The circumstances mentioned refer to: the expert witness is appointed by a tribunal or court, the expert witness is engaged to advise or act in relation to a class action. Safeguards to address the advocacy threats (for audit clients which are not PIEs) include using a professional to perform the service who is not, and has not been, an audit team member.
11	IOSCO	MG	Strengthen requirements for Legal services/ Advocacy	Potential threats may arise when audit firms act in an advocacy role. Therefore, para. R608.8 should be formulated more strongly. In addition, the first safeguard stated in Paragraph 608.8 A1 is not robust enough.	There is a straight prohibition for the audit firm (or network firm) to act in an advocacy role for an audit client that is a PIE in resolving a dispute or litigation before a tribunal or court (par. 608.11). For audit clients which are not PIEs, par. R 608.10 establishes a prohibition, but with a materiality qualifier "when the amounts involved are material to the financial statements on which the firm will express an opinion". Safeguards foreseen in par. 608.10 A1 (for audit clients which are not PIEs) include the general ones (using professionals who are not team members or appropriate reviewers not involved in the service).
	International Forum of Independent Audit Regulators (IFIAR)				
1	IFIAR	MG	Overarching	In many jurisdictions the provision of Non-Assurance Services to an audit client which is a PIE is regulated applying a very strict approach including a list of prohibited services. We invite IESBA to reinforce the proposed requirements in order to take more into consideration the rules already in place and thereby contributing to the improvement of consistency across jurisdictions.	Par. 600.6 A1 states: "If there are laws and regulations in a jurisdiction relating to the provision of non-assurance services to audit clients that differ from or go beyond those set out in this section, firms providing non-assurance services to which such provisions apply need to be aware of those differences and comply with the more stringent provisions".
2	IFIAR	MG	Terminology used	Throughout the ED reference is made to wording and notions which require judgment and are subjective, such as, for instance, "long period" (604.12 A2), "significant degree" (R603.4), "not significant" (603.3 A1) or "appropriate reviewer" (600.16 A3 and further examples of safeguards in subsequent subsections). We suggest that explanations of the words in the respective context be included and/or that examples are provided to help users in applying the provisions in the Code appropriately and consistently.	The final text retains the use of expressions such as "significant degree", "not significant" or "appropriate reviewer". Limited explanations, only in certain instances, have been provided to clarify the meaning of these expressions (i.e. Par. 603.4 A1 explains in which cases valuations do not involve a significant degree of subjectivity). On the "appropriate reviewers" concept, the IESBA concluded that safeguards in the IESBA Code are sufficient and adequate.
3	IFIAR	MG	Self-review threats and related entities	We support the proposal in R600.14 to establish a self-review threat prohibition for provision of NAS to PIEs. We note that this prohibition, combined with the meaning of related entities defined in R400.20, applies to all related entities of listed entities (including parent undertakings) and only to controlled undertakings for other entities. As a consequence, the prohibition in R600.14 is not applicable to parent undertakings of PIEs other than listed entities. We believe that there should be a level playing field for all PIEs in this regard which is indeed the current approach in many jurisdictions. The definition of related entities to be covered by the provisions should be the same for all type of PIEs (whether listed or not).	The definition of related entities, for non-listed PIEs, applicable to Part 4A of the Code (Independence for Audit and Review Engagements), includes only entities over which the client has direct or indirect control (par. R 400.20). However, the text reads: "When the audit team knows, or has reason to believe, that a relationship or circumstance involving any other related entity of the client is relevant to the evaluation of the firm's independence from the client, the audit team shall include that related entity when identifying, evaluating and addressing threats to independence".

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4	IFIAR	MG	Communication with TCWG on NAS and related entities	We support the proposals for improved audit firms communication with TCWG, namely to provide TCWG with information about the impact of the NAS provisions on the audit firm's independence and to obtain concurrence from TCWG on the provision of services. However, we note that the new requirements in R600.18 and R600.19 to provide a NAS to an audit client that is a PIE include for these purposes only related entities over which the audit client has direct or indirect control. Parent undertakings are therefore not subject to these new requirements, meaning that NAS can be provided to parent undertakings of PIEs without information to and concurrence from TCWG of those PIEs. We suggest to add a requirement in the Code that provides for TCWG of the PIE to at a minimum be informed about the provision of the NAS to the parent undertakings because this situation could raise significant threats to the PIE's auditor independence that should be evaluated by TCWG of the PIE itself.	The final text in par. R 600.21 states that the audit firm (or network firm), before accepting to provide NAS, shall inform TCWG of "... that public interest entity; any entity that controls, directly or indirectly, that public interest entity; any entity that is controlled directly or indirectly by that public interest entity".
5	IFIAR	MG	NAS provided in previous years to an audit client that is a PIE	In line with the approach taken by many jurisdictions, we welcome the requirements in R400.32 (regarding the provision of NAS to a PIE client prior to the appointment as an auditor) and in R600.20 (NAS provided to an audit client that later becomes a PIE). However these requirements should recognize that in some cases certain services provided in the previous years will be conflicting and may impair the audit firm's ability to be appointed as an auditor or to continue as an auditor.	Par. R 400.32 reads "A firm shall not accept appointment as auditor of a public interest entity to which the firm or the network firm has provided a non-assurance service prior to such appointment that might create a self-review threat in relation to the financial statements on which the firm will express an opinion", unless certain conditions are met. Par. R 600.25 acknowledges that "A NAS provided, either currently or previously, by a firm or a network firm to an audit client compromises the firm's independence when the client becomes a public interest entity", unless a number of conditions are met (e.g. NAS provided comply with the provisions, TCWG agree and threats that are not at an acceptable level are addressed). Examples of safeguards are provided in par. 600.25 A1 (e.g. review or reperform the audit work; engaging another firm to evaluate the results of NAS or reperforming NAS).
6	IFIAR	MG	Specific requirements for certain types of NAS to PIE audit clients	New requirements in Subsections 601-607 establish a prohibition to provide the specific Non-Assurance Service to an audit client that is PIE if the provision of that service will create a self-review threat in relation to the audit of the financial statements on which the auditor will express an opinion. We appreciate the efforts in drafting more stringent requirements for the provision of specific Non-Assurance Services for audit clients that are PIEs. However, we note that, in many jurisdictions, the above mentioned services are considered as creating self-review threats in almost all circumstances. Therefore, we believe that the current proposals still leave too much room for PIE auditors in evaluating the self-review threats. We suggest IESBA to strengthen the requirements proposed in the Exposure Draft at least by elevating the application material in paragraph 600.11 A2 into a requirement.	The evaluation of risk whether a NAS might create a self-review threat has been elevated to a requirement (par. R 600.14).
7	IFIAR	MG	Using professionals which are not members of the audit team	We support the proposal in the ED to provide examples of safeguards that could be applied to address risks on independence. However, we do not support conveying the idea that "using professionals who are not audit team members to perform the service" is a provision which, in most of the situations, would be a sufficient safeguard (in several instances in the ED e.g., in relation to advocacy threats). We do not believe it would be a sufficient safeguard in all cases to use professionals who are not members of the firm's audit team to provide non-audit service, or, if the work is done by a member of the audit team, having another professional outside the audit team review the work.	The NAS provisions retain the use of professionals, who are not audit team members, and appropriate reviewers, not involved in providing the service, as general safeguards to address threats when providing NAS. However, engaging another firm to evaluate the results of NAS or reperforming NAS is a safeguard foreseen in cases where an audit client later becomes a PIE (par. 600.25 A1). On the "appropriate reviewers" concept, the IESBA concluded that safeguards in the IESBA Code are sufficient and adequate.
	Capital Market Authority- Saudi Arabia (CMA)				
1	CMA	IFIAR Member	Clarification	Suggest providing examples or explanatory material in para. R600.11 A2 that can help in further explaining how the result of the service would affect the accounting records, controls, or financial reporting.	The evaluation of risk whether a NAS might create a self-review threat has been elevated to a requirement (par. R 600.14).
2	CMA	IFIAR Member	Clarification	Suggest adding further explanation to the other threats that can be created by providing services in para. R600.21.iv, and to what extent such services will be acceptable.	Considerations of "other threats created by providing" services in par. R 600.26 have not been further explained.
3	CMA	IFIAR Member	Clarification	Highlight that in some circumstances when questions are raised around the financial statements, the auditor services might be used to help answering those questions. In such a case the auditor will try to help justify the current accounting treatment in the financial statements that had been audited by him/her, which might create some conflict. Paragraph R601.2 A2 currently mentions "…These activities do not usually create threats as…"	The par. R 601.2 A2 which used to read: "These activities do not usually create threats as long as the client accepts responsibility for making the decisions involved in the preparation of accounting records or financial statements and the firm does not assume a management responsibility" has been deleted from the Accounting and Bookkeeping Services Subsection in NAS (Section 601 in the final text). Prohibition on assuming management responsibilities have been further expanded (in Section 400.13 and 400.14).
4	CMA	IFIAR Member	Prohibition of NAS to PIEs	Considering the nature of the PIEs and the amount of risk involved in the audit of such entities, recommends considering a complete prohibition on the provision of NAS to PIEs in order to safeguard independency from actual and perceptional threats.	The revised NAS provisions recognize that stakeholders have heightened expectations regarding the firm's independence when the audit client is a PIE. R 600.16 sets up a prohibition for a firm or network firm to provide NAS to PIE audit clients "if the provision of that service might create a self-review threat in relation to the audit of the financial statements on which the firm will express an opinion".

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5	CMA	IFIAR Member	Clarification	Generally, suggest introducing a concept of "substance over form" nature into the definition of NAS in the ED as some NAS might in some cases be provided under the format of an assurance service (i.e. accounting, internal audit, or IT system service can be provided under the format of an agreed-upon-procedures engagement.)	Subsections in the NAS provisions cover the different types of services which may or may not be provided (Accounting and Bookeeping, Internal Audit, Valuation Services, Legal Services, etc.).
	Independent Regulatory Board for Auditors (IRBA)				
1	IRBA	IFIAR Member	Scalability	The IRBA supports a scalable approach. The principle-based approach as well as the distinction between requirements that apply to all entities and those that apply only to PIEs accommodate these different circumstances.	The principle-based approach as well as the distinction of requirements between audit clients which are PIEs and audit clients which are not, have been retained in the final text.
2	IRBA	IFIAR Member	Different approach fees (Audit) vs NAS (non-assurance)	Noted a significant difference in approach between the two projects NAS and Fees that may require reconsideration. The IESBA NAS Project distinguishes between assurance and non-assurance services, while the IESBA Fees Project refers to audit and non-audit services.	The final text of the Fees provisions in the Code adopt the same approach as the NAS project: it distinguishes between assurance and non-assurance services (rather than between audit and non-audit services).
3	IRBA	IFIAR Member	Firm and engagement level provisions	The proposed amendments deal only with decision-making at the engagement level. They should consider the decision-making at both the firm and engagement levels.	The requirements and prohibitions across the NAS provisions apply to audit firms and networks.
4	IRBA	IFIAR Member	Conflicts of prior-periods NAS provided to PIEs	The issue of non-assurance services provided in the previous year to an audit client that is a PIE is a regulatory concern. The requirements in para R400.2 and R600.2 should recognise that in some cases, certain services (such as internal audit) provided in previous years may impair the audit firm's ability to be appointed as an auditor. Of great practical concern, is that firms tout the synergies as being beneficial for the audit and therefore may not recognise at all, or may understate the threat that these synergies pose to the audit engagement. Furthermore, the limited documentation requirements in the IESBA Code may place the burden of proof on inspectors.	Par. R 400.32 reads "A firm shall not accept appointment as auditor of a public interest entity to which the firm or the network firm has provided a non-assurance service prior to such appointment that might create a self-review threat in relation to the financial statements on which the firm will express an opinion", unless certain conditions are met. Par. R 600.25 acknowledges that "A NAS provided, either currently or previously, by a firm or a network firm to an audit client compromises the firm's independence when the client becomes a public interest entity", unless a number of conditions are met (e.g. NAS provided comply with the provisions, TCWG agree and threats that are not at an acceptable level are addressed). Examples of safeguards are provided in par. 600.25 A1 (e.g. review or reperform the audit work; engaging another firm to evaluate the results of NAS or reperforming NAS).
5	IRBA	IFIAR Member	Conflicts of prior-periods NAS provided to PIEs	Further reinforce the proposed requirements such as considering a mandatory cooling-off period on the audit of a PIE where internal audit services were provided in prior years.	Par. R 605.6 reads: "A firm or a network firm shall not provide internal audit services to an audit client that is a PIE if the provision of such services might create a self-review threat". No safeguards are foreseen for audit clients which are PIEs. The IESBA has not introduced a mandatory cooling-off period.
6	IRBA	IFIAR Member	Other non-audit services required by law	There is some concern that the prohibition of providing NAS will inadvertently extend to services required to be performed by an auditor in terms of legislation or regulation.	Par. 600.6 A1 states: "If there are laws and regulations in a jurisdiction relating to the provision of non-assurance services to audit clients that differ from or go beyond those set out in this section, firms providing non-assurance services to which such provisions apply need to be aware of those differences and comply with the more stringent provisions".
7	IRBA	IFIAR Member	Self-review threat: Requirement	Suggest that the application material in 600.11 A2 assessing whether the provision of NAS will create a self-review threat be drafted as a requirement to elevate its importance (similar to a NAS self-interest threat). In addition, it would be necessary to clarify that a breach of the prohibition to provide NAS when they creat a self-review threat will be treated as a breach of the IESBA Code, to drive a more diligent assessment of the risks, before accepting the non-assurance services engagement.	The evaluation of risk whether a NAS might create a self-review threat has been elevated to a requirement (par. R 600.14). Moreover, the introduction to Section 600 in the Code reads (par. 600.1): "Firms are required to comply with the fundamental principles, be independent, and apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to independence". Par. 600.2 reads "... Providing non-assurance services to audit clients might create threats to compliance with the fundamental principles and threats to independence".
8	IRBA	IFIAR Member	Definition of terms - applicability	It is imperative that the term "advice and recommendation" on non-assurance services be clearly defined. There is also the potential for some services not to be acknowledged as non-assurance services just because they lack a specific fee or an engagement letter.	Prohibitions, exceptions and examples of "Advice and recommendations" within NAS have been explained in par. R 600.17 and 600.17 A1, as well as across the subsections in NAS, whenever applicable. They are also mentioned in Section 400.13 and 400.14 (Prohibition on Assuming Management Responsibilities).
9	IRBA	IFIAR Member	PIEs	A principle approach and the necessary guidance would be appreciated. Local clarification may be needed in each jurisdiction.	The IESBA is currently working on the Definition of PIEs and Listed Entities, with a separate project, which will impact the application of requirements in NAS (and Fees).
10	IRBA	IFIAR Member	Related entities - revise scope for PIEs	Additionally, the PIE project should include the way related entities are considered in IESBA Code, and also take into account whether parent entities in a group situation should be considered in this definition.	The IESBA is currently working on the Definition of PIEs and Listed Entities, with a separate project, which will impact the application of requirements in NAS (and Fees). The "related entities" definition is not currently in the IESBA scope.
11	IRBA	IFIAR Member	Subjective terminology	The IESBA Code still contains other terminology that is subject to interpretation, such as "long period" (paragraph 604.12 A2), "significant degree" (paragraph R603.4) and "not significant" (paragraph 603.3 A1). This may impact the consistent application of the IESBA Code. IESBA should consider providing the necessary clarification.	The final text retains the use of expressions such as "significant degree" and "not significant". Limited explanations, only in certain instances, have been provided to clarify the meaning of these expressions (i.e. Par. 603.4 A1 explains in which cases valuations do not involve a significant degree of subjectivity).

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12	IRBA	IFIAR Member	Communication with TCWG of PIEs - clarifications	IRBA questions the inclusion of this phrase in the requirements in R600.18 to 19 related to firm communication with TCWG: "… for this purpose, shall include only related entities over which the audit client has direct or indirect control". TCWG should be provided with all available information. Additionally, this provision only envisions acceptance of NAS to be provided by a firm already auditing the client. The IESBA Code will also need to consider re-engagement as well as the reverse situation (NAS provided prior to becoming auditor).	The final text in par. R 600.21 states that the audit firm (or network firm), before accepting to provide NAS, shall inform TCWG of "... that public interest entity; any entity that controls, directly or indirectly, that public interest entity; any entity that is controlled directly or indirectly by that public interest entity". Moreover, par. R 400.32 reads "A firm shall not accept appointment as auditor of a public interest entity to which the firm or the network firm has provided a non-assurance service prior to such appointment that might create a self-review threat in relation to the financial statements on which the firm will express an opinion", unless certain conditions are met.
13	IRBA	IFIAR Member	Multiple NAS - enforceablity	Question whether the IESBA sufficiently considered a threshold in relation to the fees obtained from NAS compared to audit services. An introduction of a threshold would allow for a focused consideration by the firm and network firm. From a regulatory perspective, this paragraph is not sufficiently robust to be easily inspected or investigated.	The basis and amount of proposed fees are examples of information to be provided to TCWG in the NAS provisions (par. 600.21 A1). Thresholds of NAS fees compared to audit services are dealt with in the Fees provisions in the Code.
14	IRBA	IFIAR Member	Accounting and bookkeeping services: clarifications	Auditor's vs management's responsibilities in para. 601.2 need to be rebalanced, so that the primary responsibility rests with management. Furthermore, it is a concern that paragraph 62 of the explanatory memorandum describes these actions (in 601.2 A2) as "permissible".	The par. R 601.2 A2 which used to read: "These activities do not usually create threats as long as the client accepts responsibility for making the decisions involved in the preparation of accounting records or financial statements and the firm does not assume a management responsibility" has been deleted from the Accounting and Bookkeeping Services Subsection in NAS (Section 601 in the final text). Prohibition on assuming management responsibilities have been further expanded (in Section 400.13 and 400.14).
15	IRBA	IFIAR Member	Sufficiency of safeguards	Not convinced that "using professionals who are not audit team members to perform the service", which is included in most of the situations, would be a sufficient safeguard.	The NAS provisions retain the use of professionals, who are not audit team members, and appropriate reviewers, not involved in providing the service, as general safeguards to address threats when providing NAS. However, engaging another firm to evaluate the results of NAS or reperforming NAS is a safeguard foreseen in cases where an audit client later becomes a PIE (par. 600.25 A1).
	Irish Auditing & Accounting Supervisory Authority (IAASA)				
1	IAASA	IFIAR Member	Self-review threats and related entities	We support the proposal in R600.14 prohibiting the provision of NAS to PIE audit clients if a self-review threat will be created. We note that this prohibition, combined with the meaning of related entities defined in R400.20, applies to all related entities of listed entities (including parent undertakings) and only to controlled undertakings for other entities. As a consequence, the prohibition in R600.14 is not applicable to parent undertakings of PIEs other than listed entities. We believe that there should be a consistent approach for all PIEs and that the definition of related entities to be covered by the provisions should be the same for all types of PIEs (whether listed or not).	The definition of related entities, for non-listed PIEs, applicable to Part 4A of the Code (Independence for Audit and Review Engagements), includes only entities over which the client has direct or indirect control (par. R 400.20). However, the text reads: "When the audit team knows, or has reason to believe, that a relationship or circumstance involving any other related entity of the client is relevant to the evaluation of the firm's independence from the client, the audit team shall include that related entity when identifying, evaluating and addressing threats to independence".
2	IAASA	IFIAR Member	Accepting an engagement to provide a NAS and multiple NAS provided to the same audit client	The requirements in R600.8 and R600.10, when dealing with PIE audit clients should be applicable to the parent undertakings of all PIEs, including PIEs other than listed entities. We believe that there should be a consistent approach for all PIEs, which is the current approach in Irish and European legislation.	The final text in par. R 600.21 states that the audit firm (or network firm), before accepting to provide NAS, shall inform TCWG of "... that public interest entity; any entity that controls, directly or indirectly, that public interest entity; any entity that is controlled directly or indirectly by that public interest entity". The definition of related entities, for non-listed PIEs, applicable to Part 4A of the Code (Independence for Audit and Review Engagements), includes only entities over which the client has direct or indirect control (par. R 400.20). However, the text reads: "When the audit team knows, or has reason to believe, that a relationship or circumstance involving any other related entity of the client is relevant to the evaluation of the firm's independence from the client, the audit team shall include that related entity when identifying, evaluating and addressing threats to independence".

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3	IAASA	IFIAR Member	Communication with TCWG on NAS and related entities	We support the proposals for improved audit firm communication with TCWG, namely to provide TCWG with information about the impact of the provision of NAS on the audit firm's independence and to obtain concurrence from TCWG for the provision of services. In this regard, we are of the view that obtaining concurrence from TCWG could be considered as equivalent to the approval of non-audit services required from the audit committee in European legislation. However, we note that the new requirements in R600.18 and R600.19 regarding the provision of NAS to an audit client that is a PIE include only related entities over which the audit client has direct or indirect control. Parent undertakings are therefore not subject to these proposed requirements, meaning that NAS can be provided to parent undertakings of PIEs without information being provided to and concurrence obtained from TCWG of those PIEs. In our view, this situation could raise significant threats to independence and we suggest that the requirements in the Code includes all of a PIE's related entities, including both controlled entities and parent undertakings.	The final text in par. R 600.21 states that the audit firm (or network firm), before accepting to provide NAS, shall inform TCWG of "... that public interest entity; any entity that controls, directly or indirectly, that public interest entity; any entity that is controlled directly or indirectly by that public interest entity".
4	IAASA	IFIAR Member	NAS provided in previous years to an audit client that is a PIE	We welcome the requirements in R400.32 (the provision of NAS to a PIE client prior to the appointment as an auditor) and in R600.20 (NAS provided to an audit client that later becomes a PIE). However, in line with the approach taken in EU Regulation 537 of 2014 ('the European Regulation'), these requirements should recognise that certain services provided in the previous year will always result in a conflict of interest and so impair the audit firm's ability to be appointed as an auditor or to continue as an auditor. Examples of such services include designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information; or designing and implementing a financial information technology system.	Par. R 400.32 reads "A firm shall not accept appointment as auditor of a public interest entity to which the firm or the network firm has provided a non-assurance service prior to such appointment that might create a self-review threat in relation to the financial statements on which the firm will express an opinion", unless certain conditions are met. Par. R 600.25 acknowledges that "A NAS provided, either currently or previously, by a firm or a network firm to an audit client compromises the firm's independence when the client becomes a public interest entity", unless a number of conditions are met (e.g. NAS provided comply with the provisions, TCWG agree and threats that are not at an acceptable level are addressed). Examples of safeguards are provided in par. 600.25 A1 (e.g. review or reperform the audit work; engaging another firm to evaluate the results of NAS or reperforming NAS).
5	IAASA	IFIAR Member	Prohibitions and self-review threats	The proposed new requirements In Subsections 601, 605 and 606 establish a prohibition to provide specific Non-Assurance Services to an audit client that is PIE if the provision of these services will create a self-review threat in relation to the audit of the financial statements on which an opinion will be expressed. We note that the European legislation prohibits the provision of the above-mentioned services to an audit client that is a PIE in all circumstances. Therefore, we invite the IESBA to reconsider the approach proposed in the Exposure Draft and to set more restrictive rules for these services.	Par. 600.6 A1 states: "If there are laws and regulations in a jurisdiction relating to the provision of non-assurance services to audit clients that differ from or go beyond those set out in this section, firms providing non-assurance services to which such provisions apply need to be aware of those differences and comply with the more stringent provisions".
6	IAASA	IFIAR Member	Prohibitions and self-review threats	The proposed requirements in Subsection 603 and 604 establish a prohibition to provide specific Non-Assurance Services to an audit client that is a PIE if the provision of these services will create a self-review threat in relation to the audit of the financial statements on which an opinion will be expressed. We note that the European legislation prohibits the provision of the above mentioned services to an audit client that is a PIE allowing Member States to derogate from such rules provided that certain stringent conditions are met. We believe that the Code should only allow such services in cases where law or regulation expressly allows such services, similar to the approach in the European Regulation.	Par. 600.6 A1 states: "If there are laws and regulations in a jurisdiction relating to the provision of non-assurance services to audit clients that differ from or go beyond those set out in this section, firms providing non-assurance services to which such provisions apply need to be aware of those differences and comply with the more stringent provisions".
7	IAASA	IFIAR Member	Safeguards	We support the proposal to provide examples of safeguards that could be applied to address risks to independence. However, we do not believe that, in the absence of other safeguards, the use of "professionals who are not members of the firm's audit team" to provide the non-assurance services would be a sufficient safeguard to mitigate threats in all cases. We invite the IESBA to highlight the fact that this provision alone would not be a sufficient safeguard and should be part of a range of measures taken by the auditor.	The NAS provisions retain the use of professionals, who are not audit team members, and appropriate reviewers, not involved in providing the service, as general safeguards to address threats when providing NAS. However, engaging another firm to evaluate the results of NAS or reperforming NAS is a safeguard foreseen in cases where an audit client later becomes a PIE (par. 600.25 A1). On the "appropriate reviewers" concept, the IESBA concluded that safeguards in the IESBA Code are sufficient and adequate.
	Malaysia Audit Oversight Board, Securities Commission (MAOB)				
1	AOB Malaysia	IFIAR Member	Prohibition of accounting and bookkeeping	The provision of accounting and bookkeeping services should be prohibited for all audit clients.	Accounting and bookkeeping services are prohibited to audit clients which are PIEs (par. R 601.6). There are some limited exceptions allowed (par. R 601.7). Accounting and bookkeping services are prohibited to audit clients which are not PIEs, unless "the services are of a routine or mechanical nature; and the firm addresses any threats that are not at an acceptable level" (par. R 601.5).
	United Kingdom Financial Reporting Council (UKFRC)				
1	UK FRC	IFIAR Member	Overarching	We believe IESBA could go further in strengthening the revised requirements and related application material it is proposing.	Revised NAS provisions have been, overall, strenghtened and new requirements have been introduced. Application material has been expanded.

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2	UK FRC	IFIAR Member	Self-review threat	There is a need to be clear that a self-review threat arises in relation to any service that will affect the accounting records, internal controls over financial reporting, or the financial statements on which the firm will express an opinion.	The evaluation of risk whether a NAS might create a self-review threat has been elevated to a requirement (par. R 600.14) and includes: "... The results of the service will form part of or affect the accounting records, the internal controls over financial reporting, or the financial statements on which the firm will express an opinion; and in the course of the audit of those financial statements on which the firm will express an opinion, the audit team will evaluate or rely on any judgments made or activities performed by the firm or network firm when providing the service".
3	UK FRC	IFIAR Member	Tax advisory and tax planning	With regard to tax advisory and planning services, we disagree with the guidance in paragraph 604.12.A2, which asserts that a self-review threat will not be created in the circumstances specified (e.g. where provision of the service is supported by a tax authority).	Par. 604.12 A2 has been retained and reads: "Providing tax advisory and tax planning services will not create a self-review threat if such services: are supported by a tax authority or other precedent; are based on an established practice (being a practice that has been commonly used and has not been challenged by the relevant tax authority); or have a basis in tax law that the firm is confident is likely to prevail".
4	UK FRC	IFIAR Member	Valuation services	There should be an outright prohibition on valuations for tax purposes for a PIE.	Par. 604.17 A1 reads: "Providing a valuation for tax purposes to an audit client might create a self-review threat when there is a risk that the results of the service will affect the accounting records or the financial statements on which the firm will express an opinion. Such a service might also create an advocacy threat".
5	UK FRC	IFIAR Member	Advocacy threats	We do not agree that an advocacy threat does not arise if a firm is appointed by a tribunal or court to act as an expert witness in a dispute involving a client.	Par. R 607.9 states that "A firm or a network firm, or an individual within a firm or a network firm, shall not act for an audit client that is a public interest entity as an expert witness in a matter unless the circumstances set out in paragraph 607.7 A3 apply". The circumstances mentioned refer to: the expert witness is appointed by a tribunal or court, the expert witness is engaged to advise or act in relation to a class action. Safeguards to address the advocacy threats (for audit clients which are not PIEs) include using a professional to perform the service who is not, and has not been, an audit team member.
6	UK FRC	IFIAR Member	Project on definition of PIE and Listed Entity	We support a position where distinctions are made in some areas between requirements applicable to PIEs and non-PIEs. IESBA's current definition of a PIE in effect includes just listed entities at a minimum, with other entities included if defined as PIEs, or if they are required to be treated in the same way as a listed entity, by law or regulation in the relevant jurisdiction. The guidance in paragraph 400.8 of the Code 'encourages' firms to determine whether to treat other entities as PIEs because of factors such as their size, having a large number and wide range of stakeholders (including employees) or the holding of assets in a fiduciary capacity for a large number of stakeholders. The effect of this definition and guidance is that there may be wide variation in the types of entities treated as PIEs both across and within jurisdictions. IESBA should broaden the definition of a PIE to include more entities where there is a clear public interest and improve consistency across jurisdictions. We believe, for example, that entities holding assets in a fiduciary capacity for a large number of stakeholders should be included within the definition.	The IESBA is currently working on the Definition of PIEs and Listed Entities, with a separate project, which will impact the application of requirements in NAS (and Fees).
7	UK FRC	IFIAR Member	Communication with TCWG	The requirements for communication with TCWG should be strengthened to include more information that is important to their understanding of matters that may affect the auditor's independence. Paragraph 600.18.A1, which gives examples of matters that 'might' be communicated, should be elevated to a requirement as it is information that would be important for TCWG to understand in the context of considering threats to the auditor's integrity, objectivity and independence. The communication to TCWG should include details of relationships with, including the provision of NAS to, a parent entity where that is relevant to an understanding of threats to the auditor's integrity, objectivity and independence. Paragraph R600.18 appears to specifically preclude such communication.	Examples of information which might be provided to TCWG have not been elevated to a requirement (par. 600.21 A1), but include a number of elements (e.g. nature and scope of service, basis and amount of fee proposed, threats to independence identified and combined effect of multiple services). The final text (par. R 600.21) explicitly includes information to parent entities ("any entity that controls, directly or indirectly, that public interest entity").
	Committee of European Auditing Oversight Bodies (CEOAB)				
1	CEAOB	CEAOB	Self-review threats and related entities	We support the proposal in R600.14 prohibiting the provision of NAS to PIE audit clients if a self-review threat will be created. We note that this prohibition, combined with the meaning of related entities defined in R400.20, applies to all related entities of listed entities (including parent undertakings) and only to controlled undertakings for other entities. As a consequence, the prohibition in R600.14 is not applicable to parent undertakings of PIEs other than listed entities. We believe that there should be a consistent approach for all PIEs, which is the current approach in the European legislation. The definition of related entities to be covered by the provisions should be the same for all types of PIEs (whether listed or not).	The definition of related entities, for non-listed PIEs, applicable to Part 4A of the Code (Independence for Audit and Review Engagements), includes only entities over which the client has direct or indirect control (par. R 400.20). However, the text reads: "When the audit team knows, or has reason to believe, that a relationship or circumstance involving any other related entity of the client is relevant to the evaluation of the firm's independence from the client, the audit team shall include that related entity when identifying, evaluating and addressing threats to independence".

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2	CEAOB	CEAOB	Communication with TCWG on NAS and related entities	We support the proposals for improved audit firm communication with TCWG (namely to provide TCWG with information about the impact of the provision of NAS on the audit firm's independence and to obtain concurrence from TCWG on the provision of services). In this regard, we are of the view that obtaining concurrence from TCWG could be considered as equivalent to the approval of non-audit services required from the audit committee in the European legislation. However, we note that the new requirements in R600.18 and R600.19 regarding the provision of NAS to an audit client that is a PIE include only related entities over which the audit client has direct or indirect control. Parent undertakings are therefore not subject to these new ED requirements, meaning that NAS can be provided to parent undertakings of PIEs without information being provided to and concurrence obtained from TCWG of those PIEs. In our view, this situation could raise significant threats to independence and we suggest that the requirements in the Code includes all of a PIE's related entities (controlled entities and parent undertakings).	The final text in par. R 600.21 states that the audit firm (or network firm), before accepting to provide NAS, shall inform TCWG of "... that public interest entity; any entity that controls, directly or indirectly, that public interest entity; any entity that is controlled directly or indirectly by that public interest entity".
3	CEAOB	CEAOB	NAS provided in previous years to an audit client that is a PIE	We welcome the requirements in R400.32 (the provision of NAS to a PIE client prior to the appointment as an auditor) and in R600.20 (NAS provided to an audit client that later becomes a PIE). However, in line with the approach taken in the European Regulation, these requirements should recognize that in some cases certain services provided in the previous year will always result in a conflict of interest and so impair the audit firm's ability to be appointed as an auditor or to continue as an auditor.	Par. R 400.32 reads "A firm shall not accept appointment as auditor of a public interest entity to which the firm or the network firm has provided a non-assurance service prior to such appointment that might create a self-review threat in relation to the financial statements on which the firm will express an opinion", unless certain conditions are met. Par. R 600.25 acknowledges that "A NAS provided, either currently or previously, by a firm or a network firm to an audit client compromises the firm's independence when the client becomes a public interest entity", unless a number of conditions are met (e.g. NAS provided comply with the provisions, TCWG agree and threats that are not at an acceptable level are addressed). Examples of safeguards are provided in par. 600.25 A1 (e.g. review or reperform the audit work; engaging another firm to evaluate the results of NAS or reperforming NAS).
4	CEAOB	CEAOB	Prohibitions and self-review threats	The proposed new requirements In Subsections 601, 605 and 606 establish a prohibition to provide specific Non-Assurance Services to an audit client that is PIE if the provision of these services will create a self-review threat in relation to the audit of the financial statements on which an opinion will be expressed. We note that the European legislation prohibits the provision of the above-mentioned services to an audit client that is a PIE in all circumstances. Therefore, we invite the IESBA to reconsider the approach proposed in the Exposure Draft and to set more restrictive rules for these services.	Par. 600.6 A1 states: "If there are laws and regulations in a jurisdiction relating to the provision of non-assurance services to audit clients that differ from or go beyond those set out in this section, firms providing non-assurance services to which such provisions apply need to be aware of those differences and comply with the more stringent provisions".
5	CEAOB	CEAOB	Prohibitions and self-	The proposed requirements in Subsection 603 and 604 establish a prohibition to provide specific Non-Assurance Services to an audit client that is a PIE if the provision of these services will create a self-review threat in relation to the audit of the financial statements on which an opinion will be expressed. We note that the European legislation prohibits the provision of the above mentioned services to an audit client that is a PIE allowing Member States to derogate from such rules provided that certain stringent conditions are met. We believe that the Code should only allow such services in cases where law or regulation expressly allows such services, similar to the approach in the European Regulation.	Par. 600.6 A1 states: "If there are laws and regulations in a jurisdiction relating to the provision of non-assurance services to audit clients that differ from or go beyond those set out in this section, firms providing non-assurance services to which such provisions apply need to be aware of those differences and comply with the more stringent provisions".
6	CEAOB	CEAOB	Safeguards	We support the proposal to provide examples of safeguards that could be applied to address risks on independence. However, we do not believe that, in the absence of other safeguards, the use of "professionals who are not members of the firm's audit team" to provide the Non Assurance Services would be a sufficient safeguard to mitigate threats in all cases (as mentioned in several instances in the ED e.g., in relation to advocacy threats). We invite the IESBA to highlight the fact that this provision alone would not be a sufficient safeguard and should be part of a range of measures taken by the auditor.	The NAS provisions retain the use of professionals, who are not audit team members, and appropriate reviewers, not involved in providing the service, as general safeguards to address threats when providing NAS. However, engaging another firm to evaluate the results of NAS or reperforming NAS is a safeguard foreseen in cases where an audit client later becomes a PIE (par. 600.25 A1). On the "appropriate reviewers" concept, the IESBA concluded that safeguards in the IESBA Code are sufficient and adequate.

(*) The issues included in the table are a selection by PIOB Staff of public interest comments and recommendations raised by respondents to the public consultation. They may not include all the issues raised by these respondents. The full set and text of comment letters is publicly available in the relevant SSBs website.