

Agenda Item 2 Supplement 1

Advance and Offline Input Received on the Compilation of Proposed Texts (As of December 5, 2017)

*Note: The advance input included several editorial refinements and drafting suggestions, all of which were considered and taken into account in revising the proposed texts in **Agenda Item 2-D (Updated)**.*

#	Para	IEBSA Member/ TA	Comment	TF	Response
THE GUIDE TO THE CODE					
1.	4 (bullet 2 under hollow bullets), R120.4, 200.4, R300.5.	AP ¹ / PM ²	Specifically referring to “contractor” relationships in the applicability paragraphs has the effect of not just making parts of Part C apply to a PAPP, but implicitly that the definition of a PAPP includes contractors – and as such that the provisions of Part B apply to a contractor providing professional services.	Part C	No change made based on Board December 5 decision.
2.	Guide 9 first bullet	HA ³	Although it is covered in the last bullet, shouldn't S600 be mentioned in the first one.	STF	No change made. For these purposes, what is set out are those that are general sections.

¹ Andrew Pinkney

² Patricia Mulvaney

³ Helene Agelli

#	Para	IEBSA Member/ TA	Comment	TF	Response
3.	Guide 9	JB ⁴	Para 9 Second bullet appears rather long. Break up into separate sentences? e.g. start second sentence from "For example...."	STF	The suggested change would not form a complete sentence.
4.	Guide 10	JB	Para 10 – I am concerned that this sentence is misread because of the inclusion of "audit, review...."	STF	Sentence adjusted.
5.	Appendix 1	HA	Appendix 1 or appendix?	STF	Changed to "Appendix."
6.	Appendix 1	SA ⁵	May need to state that this is not part of the Code	STF	Guide is already distinguished from the Code. As specified in the Guide it is a non-authoritative aid.
TABLE OF CONTENTS					
7.	TOC and headings	SA	<ul style="list-style-type: none"> Check that headings listed in the Table of Contents is consistent with the body of the Code. E.g./ The heading for Section 200 says APPLICATION, and the body says APPLYING. Check across the entire Code. Check use of hyphens in TOC - Include a hyphen between Section 100 and 110 and The Fundamental Principles below 	STF	<p>Text revised.</p> <p>In finalizing the pronouncement for the Restructured Code, Staff will work with IFAC Communications to update the automatic links in the master and mini Table of Contents.</p>

⁴ James Barbour

⁵ Saadiya Adam

#	Para	IEBSA Member/ TA	Comment	TF	Response
			<ul style="list-style-type: none"> Should the text be in capitals? It is not in the extant Code. 		
8.	Appendix	HA	Should we have consistent wording regarding the applicability of Part 2 to PAPPs with what we now have in other places?	STF	The appendix deliberately uses a brief description of the Applicability paragraph.
PART 1					
9.	100.3 A1	JB	Use of the term “provisions” – This does not appear consistent with the NOCLAR sections and is this a globally accepted term?	STF	The subject matter of NOCLAR requires use of the term “laws and regulations” rather than provisions. No change made.
10.	110.2 A1	JB	This read better when “them” was included.	STF	The word “them” was removed when the term “professional accountants” was used in the singular rather than the plural.
11.	114.1 A2	JB	It is likely that the disclosure of any such information will impact on third parties e.g. potential drop in share price. Therefore, is this worded correctly?	STF	The wording is consistent with the extant Code.
12.	R115.1	MP ⁶	A professional accountant shall comply with the principle of professional behavior, which requires.... A professional accountant shall not knowingly engage in any business, occupation or activity that impairs or might impair the integrity, objectivity or good reputation of the	STF	This wording reflects the extant Code and should not be deleted.

⁶ Misha Peters, XRB

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			<p>profession, and as a result would be incompatible with the fundamental principles.</p> <p>Do you need the words “and as a result would be incompatible with the fundamental principles?” Could delete without losing much and make the sentence shorter.</p>		
13.	120.5 A1	IAASB PSWG Subgroup	<ul style="list-style-type: none"> The phrase “obtain an understanding” used within the ISAs is associated with considerable work effort in an audit context—to avoid confusion, suggest using the phrase “understand” in paragraph 120.5 A2. General Comment on PJ – App material to R120.5: Concern about the implications for non-assurance engagements (e.g. Agreed-Upon Procedures and Compilations) of the required work effort to determine if the fundamental principle of due care has been complied with. The drafted language within paragraph 120.5 A3 appears to obligate the professional accountant to obtain additional information above and beyond the ‘known facts and circumstances,’ which is inconsistent with the drafting in 120.5 A2. 	PSPJ	Tweaks made to text based on December 5 Board discussion.

#	Para	IEBSA Member/ TA	Comment	TF	Response
14.	120.5 A1	RM ⁷ /LH ⁸	<ul style="list-style-type: none"> Replacing “is applying” with “applies” in the 7th line of this para. (Reads better). Consider using exact words used in IAASB’s standards Suggest moving “relevant training” to follow “skill” in the second line so that it reads “Professional Judgment involves the application of professional....” 	PSPJ	<ul style="list-style-type: none"> Text revised to replace “is applying” with “applies” The description of professional judgment in the text is consistent with that which is in ISA 200⁹ which reads “<i>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.</i>” Therefore no change to text.
15.	120.8 A3	LH	Although I don’t disagree with the fact that consultation will assist with the understanding of factors that are relevant in evaluating level of threats, I also believe that consultation can help with all other stages in the CF, like e.g. is there a threat? How to exercise PJ? How to apply the RITP test and doing the assessment at the end.	SGTF	Text deleted because consultation is already included in 120.5 A3.

⁷ Reyaz Mihular

⁸ Liesbet Haustermans

⁹ International Auditing Standards (ISA) 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 13 (k)

#	Para	IEBSA Member/ TA	Comment	TF	Response
			Therefore, instead of just having consultation here I would make it more prominent and move it to R120.3 and make it more applicable to all aspects of applying the CF		
16.	120.9 A1	HA/PM ¹⁰	<ul style="list-style-type: none"> “In relation to undertaking professional activities, ...” <ul style="list-style-type: none"> Is this addition really necessary? It’s a long sentence even without this. I think it’s redundant. More confusing than clarifying for me. Don’t understand the benefit of including 	SGTF	Words deleted in revised text.
17.	120.13 A1-A2	RM/SA	<ul style="list-style-type: none"> Suggest replacing “the way” with “how” in the first line The phrase “exercise of professional skepticism” needs to be used consistently. “In an audit of financial statements, the way supports the <u>exercise of</u> professional skepticism is shown in the following examples... ”120.13 A2 Under confidentiality [appears this s/be “objectivity”]: Suggest the removal of “any” in “..Considering the impact of any such circumstances ...” 	PSPJ	<p>“the way” is consistent with drafting conventions and preferable in this particular sentence construction.</p> <p>Text revised to add “the exercise of”.</p> <p>Text revised to delete “any”</p>

¹⁰ Patricia Mulvaney

#	Para	IEBSA Member/ TA	Comment	TF	Response
18.	120.13 A1-A2	CL ¹¹	<p>In 120.13 A1 we've ended with "Professional Skepticism and the fundamental principles are inter-related concepts, <u>and compliance with the fundamental principles supports the exercise of professional scepticism.</u>" and in 120.13 A2, we've started with "In an audit of financial statements, the way compliance with the fundamental principles, individually and collectively supports professional scepticism is shown ...". I was wondering if underlined text is really necessary.</p> <p>In 120.13 A2, we end each bullet with "In doing so, ...that is consistent with the exercise of professional scepticism". Perhaps we can state this at the end of 120.13 A2 rather than at the end of each example.</p>	PSPJ	Text revised.
19.	120.13 A1-A2	IAASB PSWG Subgroup	<ul style="list-style-type: none"> The drafted language in 120.13 A1, in particular the use of "and," appears to imply that currently, the exercise of professional skepticism supports compliance with the fundamental principles, a matter to be addressed by the IESBA's Long Term PS project commencing in 2018 as noted in Agenda Item 5A. The manner in which the examples have been drafted in 120.13 A2, related to Integrity, Objectivity, and Professional Competence and Due Care, 	PSPJ	Tweaks made to text based on December 5 Board discussion.

¹¹ Caroline Lee

#	Para	IEBSA Member/ TA	Comment	TF	Response
			suggest that professional skepticism is exercised simply through compliance with the fundamental principles.		
20.	120.13 A2	CK ¹²	<p>Pursuing inquiries about inconsistent information and seeking further evidence to address concerns about statements that might be materially....</p> <p>I think that the 'might be materially' to 'might appear to be materially'. The reason is that at this stage there is no definite knowledge that the statements are materially misstated but may appear so until a more in-depth review is done.</p>	PSPJ	The use of "might" in this context is in accordance with the restructured Code's drafting conventions.
PART 2					
21.	200, 210.8 A3	CK	<p>200, 210.8 A3 here and elsewhere "... the professional accountant is encouraged to document....."</p> <p>In addition to a, b, and c, could we add d. - the date and timing that the consent was given and e. - the individual (by name of title) that gave the consent.</p>	STF	This suggestion is outside the scope of the Structure project.
22.	200.6 A1	AP	<p>120.6 A1 introduces as part of "identifying" threats:</p> <p><i>The existence of certain conditions, policies and procedures established by the profession, legislation, regulation, the firm, or the employing organization that</i></p>	SGTF	Drafting convention for restructured Code is that material from the conceptual framework is not repeated unless it is needed for emphasis. Only incremental information is

¹² Chishala Kateka

#	Para	IEBSA Member/ TA	Comment	TF	Response
			<p><i>can enhance the accountant acting ethically might also help identify threats to compliance with the fundamental principles.</i></p> <p>There is no reference in topic 200.6 to this which seems odd, whereas they are (correctly) mentioned in 200.7 (dealing with evaluating).</p> <p>Same comment on 300.6 A1 and .7 A1</p>		<p>added. Reference to conditions, policies and procedures assisting in identifying threats not needed here because it is already covered in 120.6A1 and there is nothing new to add in relation to that matter in S200 and S300.</p>
23.	200.6 A1	CL/ CD	<p><i>Should this not be more specific – e.g. determining purchase price equation where FV comes into play</i></p>	SGTF	<p>TF believes that the level of specificity is appropriate in this context. No change made.</p>
24.	200.7 A1	LH	<p>The conditions, policies and procedures described in paragraphs 120.6 A1 and 120.8 A2 might impact the evaluation of whether a threat to compliance with the fundamental principles is at an acceptable level.</p> <p>This is not only about evaluation but also about identification of threats, hence the reference to 120.6 A1; so add “identification”</p>	SGTF	<p>Addressed within the separate topic of “Identifying Threats”</p>
25.	R200.9 and 200.9 A1	HA	<ul style="list-style-type: none"> Besides my general concern if we couldn’t merge R200.9 and R 200.10 I think there’s something wrong with the scope of this paragraph. The lead in marked in yellow seems to aim at how to be assured that all of TCWG have been informed, but the bullets rather give the impression that depending on a) and b) there are different levels of 	STF/ Part C	<p>Text revised.</p> <p>Similar revisions made to 300.9 to mirror</p>

#	Para	IEBSA Member/ TA	Comment	TF	Response
			<p>necessity whether or not you really have to inform all TCWG. I think it's the words "all" and "have been" in yellow that blurs the objective. For clarity, I think there should be a stronger link to (or a repetition of) the last sentence in R200.9. Lead in marked in yellow "... whether all of those charged with governance have been adequately informed when a matter has been..."</p> <ul style="list-style-type: none"> Suggest combining R200.9 and R200.10 since both paragraphs deal with a subgroup of TCWG 		
26.	210.4 A1	SA	Suggest adding "the" between "two" and "parties" in "Undertaking a professional activity for each of two parties in ..."	Part C/ STF	No change. Adding "the" suggests it only applies to a two-party partnership.
27.	210.7 A3	JB	Do we need to spell out in the second safeguard that the individual in question needs to be free of the conflict?	SGTF	No change made "appropriate oversight" captures the thought.
28.	220.7 A1	JB	In the second bullet is there not a need to somehow capture the organisation as well as the "other individual". I appreciate that this might not be easy.	Part C	This text is consistent with the Part C Close-off document and so no change was made.
29.	220.8 A1	JB	This refers to "correct" information – is the revised information "not misleading" as opposed to "correct"?	Part C	The draft restructured Code reflects consistent application of the Part C Close-off document.

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30.	220.9 A1	JB	Is this not a change of substance i.e. it might be appropriate to “resign” as opposed to might “consider resigning”?	Part C	This text is consistent with the Part C Close-off document.
31.	260.27 A1	JB	Should the third bullet point not also refer to how “management” and “TCGW” have responded to the matter, where appropriate? They are both mentioned in the second bullet.	NOCL AR	No change made as it would be inappropriate to revise a recently issued standard.
32.	R270.3(a)	JB	Should this be so open-ended? i.e. should it not relate the potential breach to one by the professional accountant i.e. at the moment it is implicit but not explicit and could be interpreted as being wider in scope.	Part C	No change made because this is consistent with the Part C Close-off document.
33.	270.3 A5	JB	This only removes the individual PA from the threat – the threat is likely to remain and merely moved on to another individual. Public interest?	SGTF	No change made because this is consistent with the Part C Close-off document.
PART 3					
34.	R300.5	LH	<ul style="list-style-type: none"> I am more and more convinced that the location of this paragraph is no longer right. In this section, it is about the CF, not about the fact that part 2 is applicable to PAPPS also. I have a similar concern about the location in section 120 but it is slightly less obvious there than here because of the examples that follow here. It now comes over as two paragraphs that have no direct dealing with the 	Part C	No change made in accordance with Board decision on December 5, 2017.

#	Para	IEBSA Member/ TA	Comment	TF	Response
		RM/SA	<p>conceptual framework. Indirectly yes, but that is the same for any other section in part 3 and the rest of the code. I would propose to move these two paras to immediately above R300.4, as I can't come up with a better location. The best solution in my view would be to make it a separate section, but I understand that is a major change which probably is too late now.</p> <ul style="list-style-type: none"> Is it clear that these examples relate to an individual PAPP? 		
35.	300.7 A1 – A5	LH AP	<ul style="list-style-type: none"> For consistency shouldn't there also not be reference to "conditions, policies and procedures" i.e., 120.8. A2? Why are all these example "conditions, policies etc." contained in the material on "evaluating" threats when they are introduced in terms of the explanation of the conceptual framework in the context of (initially) identifying threats. See 120.6 A1. This seems inconsistent with the CF approach. If moved to 300.6, there could then be a cross reference back in 300.7. 	SGTF	<p>Text revised.</p> <p>This material is covered in Section 120 and is not repeated in accordance with the restructured Code's drafting conventions.</p>
36.	300.8 A2	MP	Where is the intimidation threat addressed? Bullet 4 another perform part of the engagement.	SGTF	Text revised.

#	Para	IESBA Member/ TA	Comment	TF	Response
37.	300.8 A4	HA/LH/HF/ PM/ AP	<ul style="list-style-type: none"> This is used as a SG in the context of all threats (not just independence related to NAS) and should be more generic Words “in many instances” is superfluous The words “when applying safeguards” are not needed in the definition of the term/ I think this lead in is redundant and only prolong an already long sentence. Is it intended that the "appropriate reviewer" could be an individual within a firm as well as external to the firm? If both, might consider including this clarification in the glossary definition. Consider redrafting as follows: “When applying safeguards, an appropriate reviewer is a professional with the necessary knowledge, skills, experience and authority to review <u>in an objective manner</u>, the relevant <u>work performed or service</u> audit work or outcome of the service provided in an objective manner. In many instances, Such an individual this might be a professional accountant. 	SGTF	Text revised as per December 4 IESBA meeting discussion and to incorporate several suggestions made by IESBA meeting participants.
38.	300.9 A1	HA	I think the objective here is clearer than in S200. The merge in S200 between different paragraphs here don't give the same message.	STF	Text has been revised

#	Para	IEBSA Member/ TA	Comment	TF	Response
39.	R321.4	JB	Considerable use of the word “accountant” – could be confusing for the user.	STF	Bearing in mind the subject matter of the paragraph, the use of this word is difficult to avoid.
40.	330.3 A2	JB	“A professional might quote whatever fee is considered appropriate. Is the use of “might” correct in this context? (Can?)	STF	The use of “might” is consistent with the restructured Code’s drafting conventions.
41.	330.4 A3 2 nd bullet	LH	<ul style="list-style-type: none"> Intended users - the intended users of the work as the ones that usually will pay the contingent fee; they know about the contingent fee, so how will this be an effective safeguard then? Also, here I realize it is in extant but is it still relevant? Perhaps it is not being further explained why and how the TF believes these are effective? Advance written agreement. I know this is in extant code, but I have never understood how this is an effective safeguard in reducing a threat, hence it is not a safeguard by definition. Please delete this one, it is within your remit. 	SGTF	TF agree that “Disclosing to intended users....” is not a safeguard, but rather is a factor that is relevant to evaluating the level of a threat created from contingency fees. TF believes there might be circumstances in which “Obtaining an advance written agreement ...” would be effective in reducing a self-interest threat to an acceptable level and therefore a SG. Bullets reordered.
42.	330.5 A1	CL	I have always understood advocacy threat to be tied to the promotion of a client's interests, as such, I don't agree that this demonstrates advocacy threats since the referral fees are not tied to promoting a client's interests. Clearly if a client's services or product was involved this would create an advocacy threat –	SGTF	TF agrees and deleted “advocacy threat.”

#	Para	IEBSA Member/ TA	Comment	TF	Response
			consider adding as an example. As such, the example safeguard does not address advocacy threat, only self-interest.		
43.	350.5 A1	HF ¹³	<p>I have just one comment on Part C (Application) (Agenda Item 3-A).</p> <p>I am emailing you because I think it is an editorial one (and because it relates to the example of inducements in the inducements ED, paragraph 250.11 A1).</p> <p>In the third bullet of paragraph 300.5 A1, the word "regularly" is used.</p> <p>It seems that even if something happens infrequently (e.g., once every two years or once every three years), you can say that it regularly happens.</p> <p>I am wondering if the word "frequently" is better than "regularly" here to clarify the intent.</p>	Part C	"Regularly" retained following December 2017 Board discussion.
44.	330.5 A3 2 nd bullet	LH/CL/ CD	<ul style="list-style-type: none"> Received - The safeguard for commissions paid is removed. Is that on purpose? Do we mean that there is no similar SG for payments made? Advocacy threats - I don't understand at all why there is an advocacy threat under this scenario, and 	SGTF	<p>Text revised.</p> <p>TF agrees and deleted "advocacy threat."</p>

¹³ Hiro Fukukawa

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#	Para	IEBSA Member/ TA	Comment	TF	Response
			I understand even less why this SF will cure the advocacy threat.		
45.	330.5 A2 330.5 A3	MP	Disclosure to the client is both a factor to evaluate the level of threat and an action that might be a safeguard?	SGTF	Text revised.
46.	360.3	JB	The separation of the two types of laws and regulations is as per the extant Code. However, I have a concern that the latter category is not technically correct. If something might impact on an entity's ability to continue in business, then it should lead to a going concern disclosure in the financial statements and therefore would have a direct effect on the determination of at least the material disclosures in the client's financial statements.	NO CLAR	No change made as it would be inappropriate to revise a recently issued standard.
PART 4A					
47.	400.3	JB	Is it to individual "professional accountants" or "an individual professional accountant"?	STF	The use of "professional accountants" is consistent with the plural "firms."
48.	400.7 (b)	AP	Needs a comma after "safeguards"	STF	Text revised.
49.	400.53	JB	I believe that this new format for describing a "network" could be misinterpreted by a user of the Code. Something is required to more clearly explain that only one of the bullets and "co-operation" is required to satisfy the condition.	STF	The use of the word "or" means that the text requires no further explanation.

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#	Para	IEBSA Member/ TA	Comment	TF	Response
50.	410.12 A3 1 st and 2 nd bullets	LH	510 Same comments as above	SGTF	Text moved to factors paragraph.
51.	Between 410.12 A3 and 905.9 A3	CL/CD	Contingent Fees - Inconsistency – in the first instance, appears safeguard is reviewing NAS (“Having an appropriate reviewer who was not involved in performing the non-assurance service review the work performed by the firm”), yet in 905.9A3, safeguard is “Having an appropriate reviewer who was not involved in performing the non-assurance service review the relevant assurance work”. I believe reviewing the NAS and reviewing relevant audit work would both be safeguards, the latter being stronger, however not clear intent of the text as drafted in 410.12A3.	SGTF	Safeguards Task Force believes difference is warranted owing to nature of engagement.
52.	510.10 A1	LH	It is weird to have CFM before IFM; I realize this is the same in extant, but I believe it makes more sense to change the order and start with the people that are closer to you and hence where the threat is definitely higher. With this title it is now more obvious that the order in extant was also weird.	STF/S GTF	Order has been changed.
53.	R520.4	CK	R520 which has been amended to read. ‘.....its management unless any financial interest.....’ from ‘unless the financial.....’	STF	The word “any” is necessary to convey that a business relationship does not necessarily always include a financial interest.

#	Para	IEBSA Member/ TA	Comment	TF	Response
			If we put 'any' I would propose that we add 'resultant' (or some such word) after the any. So 'any resultant financial interest.....'		
54.	R524.4	AP	These words "if either has joined the audit client" are not needed before sub-bullet (i) etc	STF	No change made - STF believes we need the "if either has joined the client" for the rest of the paragraph to work properly as bullets.
55.	524.4 A4 Also 924.4 A4	SA	"Assigning individuals to the audit team ..." should read as "Assigning to the audit team individuals..."	SGTF	Text revised
56.	525.3 A1	CL/CD ¹⁴	I think it would be helpful to add examples of safeguards to address advocacy threats related to loaned staff (e.g. limiting length of engagement, limiting to junior staff, including limitations in engagement contract), especially given the mandatory requirements outlined in R525.4 (a) and (c).	SGTF	The TFs consider that the safeguards suggested are factors. No change made.
57.	540.3 A6 Lead in	LH	Safeguards - These are all addressing the familiarity threat only, not the self-interest threat.	SGTF	Text revised
58.	540.3 A6 3 rd Bullet	LH	Self-interest threat - definitely not dealing with a self-interest threat as explained under 540.3. A2; this creates confusion.	SGTF	Text revised

¹⁴ Colleen Dunning

#	Para	IEBSA Member/ TA	Comment	TF	Response
59.	540.3 A6 3 rd Bullet and 940.3A6	LH/ MP/CL CD	<ul style="list-style-type: none"> “Tailoring an engagement quality control review to deal with specific matters that are relevant to the engagement might address a self-interest threat.” I don’t see how this suggests this addresses a specific self-interest threat – should it not be more specific, such as suggesting relevance – e.g. over areas of responsibility of the specific individual or something similar? In addition, given the definition of a safeguard is an action that the professional accountant takes, and presuming such PA (or firm) doesn’t control when or if an external review takes place, I struggle to understand how meets definition of a safeguard? Lastly, why would the proposed safeguard not also address familiarity threat? I would think that actions involving looking for evidence of compromised objectivity would address such threats? “Tailoring an engagement quality control review to...” - SG: I have no idea what “tailoring an EQCR” means; is that something that exists under ISQC1? Either we try to be more specific or leave as is. Performing an EQCR is a safeguard to address the familiarity threat in my view. You have a new person independent from the audit who reviews and 	SGTF	<ul style="list-style-type: none"> Revised the word “tailoring” to “performing”. TF affirmed its view that in some circumstances (e.g., when not required to be performed) EQCRs might be effective in reducing a threat to an acceptable level and therefore a SG.

#	Para	IEBSA Member/ TA	Comment	TF	Response
			<p>assesses whether the opinion on the audit is appropriate given the results from the audit.</p> <ul style="list-style-type: none"> Lead in – safeguards - EQCR relevant to the engagement or to the threat in the context of the Code 		
PART 4B					
60.	600.3 line 4	AP	“that are relevant” ...	SGTF	No change made - as drafted it is consistent with other text.
61.	600.4	AP	<p>Identification is mentioned in 600.3.</p> <p>Interestingly there is no provision here on “identifying” threats although 600.4 touches on the issue.</p> <p>Is a heading needed at least?</p> <p>Same applies to 950 etc.</p>	SGTF	<p>Drafting convention for restructured Code is that material from the conceptual framework is not repeated unless it is needed for emphasis. Only incremental information is added. Reference to conditions, policies and procedures assisting in identifying threats not needed here because it is already covered in 120.6A1 and there is nothing new to add in relation to that matter in S200 and S300.</p>

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62.	600.4 A1	AP/LH	This is inconsistent with 290.156 and R600.4 since at this stage it is still a prospective evaluation. Perhaps change "when" to "if" or amend to clarify. Or could say "considers providing or provides"	SGTF	Text revised.
63.	600. 5 A1 title before	LH	Evaluating Threats - this title is not consistent with 120.8. A1	STF/ SGTF	No change – this title covers the more general discussion of evaluating rather than just the factors.
64.	600.5 A2	HA	I think "that follow" is redundant. OK in 600.5 A3. Same issue in 600.6 A1	SGTF	Text revised
65.	600.6 A1, line 1	LH/HF/PM/ AP	<ul style="list-style-type: none"> Does the definition of safeguard need to be amended to include "or firm" so that there is internal consistency and to avoid confusion between paras 120.10 A2 and 600.6 A1? Para 120.10 A2 (and the glossary) refers to actions that "the professional accountant" takes whereas 600.6 A1 refers to actions "the firm" takes. I found myself confused with the reference to 120.10 A2 in 600.6 A1. If SG are not capable of addressing a threat, they are not SGs; this is a vicious circle we are in here. Better to state: or there are no actions available that are effective in addressing such threats. (I think the expression "safeguards might not be available" is OK.) 	SGTF	No change to decription of safeguards made in para 120.10 A2 as agreed during December 4 IESBA meeting discussion. Several tweaks made to text for clarification and to enhance readability based on suggestions made.

#	Para	IEBSA Member/ TA	Comment	TF	Response
			<ul style="list-style-type: none"> This sentence is used in many other provisions in the code, so a change needs to be reflected in all other paras also. Needs a comma after “safeguards” 		
66.	600.5 A1	AP	<p>Again, would a reference to “conditions” help here?</p> <p>This is a general comment too as the factors in 600 do not refer to conditions etc. Perhaps not needed in the later provisions but might help here at least.</p> <p>Same comment applies to R950.3/4</p>	SGTF	Drafting convention for restructured Code is that material from the conceptual framework is not repeated unless it is needed for emphasis. Only incremental information is added. Reference to conditions, policies and procedures assisting in identifying threats not needed here because it is already covered in 120.6A1 and there is nothing new to add in relation to that matter in S200 and S300.
67.	600.7 A2	AP	<p>Personally I do not agree with the new premise that the performance of all management responsibilities create an advocacy threat. Clearly some might but the vast majority of such responsibilities are internal facing and do not involve advocating the entity to third parties. I think this should say “might create advocacy threats”.</p> <p>Ditto 950.7</p>	SGTF	Text revised
68.	600.7 A2	PM/LH	<p>Re: including advocacy threat in 600.7 A2 (and 525.3 A2) - in my view this is a "might" create situation, not a de facto it automatically does. For loaned staff, it seems</p>	SGTF	Text revised

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			<p>a stretch that "might" is even warranted but wouldn't object if "might" is used.</p> <p>I don't believe there is always an advocacy threat if you provide a mgmt. resp. If the TF believes there might be such threat, then the word "might" should be used for this threat. E.g. It is not because you perform a managed service that you are stuck with an advocacy threat, you are just performing a function on behalf of the client.</p>		
69.	R600.9	CL/ CD	I don't see where "shall" has been added. Now two consecutive R paragraphs without a "shall" statement.	SGTF	The revision was to remove a "does not constitute" which is "deeming" language. Although "shall" is the norm, it is not strictly necessary (see 100.2 A1) and the use of "compromises independence", which is also used elsewhere, is appropriate.
70.	R600.10 end (iv)	AP/LH	Consistent with 290.157 I think this should say "addresses any threat..."	SGTF	Making the change implies that the preceding bullet points are threats.
71.	601.1	LH	<p>Providing accounting and bookkeeping services to an audit client might create a self-review threat.</p> <p>I think these services can also create a familiarity threat</p>	SGTF	Added to text.
72.	601.2	LH	This subsection includes requirements that prohibit firms and network firms from providing certain accounting and bookkeeping services to audit clients in certain	STF	Text revised

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			<p>circumstances because the threats created cannot be addressed by applying safeguards.</p> <p>Certain is used twice in the same sentence. Alternative delete the second certain and use some?</p>		
73.	603.3 A4	LH	I have a concern/question because we are not having one example of an advocacy safeguard: do I understand correctly that it is SGs view that if you have an advocacy threat at a significant level, there are by definition no safeguards available at all and hence you need to decline by definition? Should that be clarified in the provisions to deal with regulatory stakeholders? We are staying vague now if that is indeed the view from the TF.	SGTF	Paragraph 600.7 and 603.3 A4 revised in relation to advocacy threats.
74.	604.6 A1	AP	Suggest move “in para 604.5..” nearer the start of the sentence to be clearer	SGTF	Text revised.
75.	604.5 A3 and new paragraph 604.6 A1	CL/ CD	Refinement to paragraph 604.5 A3 and new paragraph 604.6 A1 – minor point, don’t think client type necessary in text given that already in the heading - redundant	SGTF	Task Force believes material provides further clarity.
76.	604.9 A2	AP	The use of the word “only” in line 1 implies a permission. I don’t think the word is needed.	SGTF	Comma added after only to respond to this comment.
77.	604.11 A1, last bullet	AP	Suggest “related to the matter”	SGTF	Text revised.

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78.	605.1	LH	Also familiarity threats.	SGTF	No change as agreed based on offline discussion.
79.	607.3 A2 3 rd bullet	LH	Why are there no safeguards proposed in this section?	SGTF	Text revised.
80.	Subsection 608 Legal Services – 608.3 A1	JB	– refers to “...legal advisory services...” – are these a subset of “legal services”? The former term is then used in 608.3 A3. Should the name of the section be changed?	SGTF	Inserted a subheading to address this comment.
81.	608.3 A4 –	JB	The second bullet and at various other places refers to the following safeguard: “Having an appropriate reviewer who was not involved in providing the service review the audit work or service performed.” Whereas 400.31 A2 states: “Having an appropriate reviewer review the audit and non-assurance work as appropriate.” Should these be different?	SGTF	Task Force believes that the difference is warranted owing to the nature of the engagement.
82.	608.4	JB	If “General Counsel” is a known term then do we require “legal affairs” in this sentence?	SGTF	This material is appropriately descriptive.
83.	608.5	AP	Is it sufficiently clear that this still refers to legal services?	SGTF	Additional subheading inserted.

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84.	Subsection 609	SMPC ¹⁵	SMPC continues to express concern re prohibition in R609.7 regarding recruitment services.	SGTF	The Board agreed that there should be no change to the text.
85.	609.3 A1/609.3 A1	AP	<ul style="list-style-type: none"> Several comments made regarding separation of and alignment with extant text regarding qualifications, interviewing and competence. 	SGTF	Text revised.
86.	609.5 A1	LH	<p>Why do we throw in the concept of appearance here? Is a conflict of interest not a factor also?</p> <p>I don't understand what this sentence means: 'any conflicts of candidates to the firm'? Do you mean: any conflict that might exist between the candidate and the firm?</p>	SGTF	TF agrees that the provision should reflect to conflict of interests more broadly, and not just in appearance. Text revised.
87.	609.6 – heading before	LH/AP	"Types of..." in the heading is superfluous.	SGTF	Text revised.
88.	610	JB	Is there nothing on contingent fees in subsection 610 (self-interest threat)?	SGTF	Contingent fees are covered in S.410
89.	610.3 A3	JB	Are there safeguards for the "Advocacy" threat?	SGTF	Text revised.
90.	R800.4 A1	AP	<p>This para relates to and would fit better under R800.3</p> <p>Ditto 990.4 A1</p>	STF	Text revised.

¹⁵ IFAC Small and Medium Practices Committee

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#	Para	IEBSA Member/ TA	Comment	TF	Response
91.	R800.10, last line of (a)	AP	I suggest that this says “and, where applicable, close family members” since most of this does not apply. Ditto R990.7	STF	Text revised
92.	800.10 A1	AP	This has changed from the extant code. As drafted (b) is an example of “those who provide direct supervisory...etc”. I suggest making it one sentence as per the extant code.	STF	Text has been revised to incorporate material from the Glossary definition of audit team.
93.	900.21 A1 (a)	MP	The materiality of the subject matter information (or of the subject matter) for which the particular responsible party is responsible. Unfortunate to use the word “responsible” twice. Could you say “for which the particular party is responsible” even though “responsible party” has a specific meaning?	STF	No change – “responsible party” is the defined term and “responsible” is the right word.
94.	900.31 A1	AP	I think the essence of extant 291.32 has been lost. That says “the firm shall evaluate any threat to independence created by the service. If any threat is not at an acceptable level, the assurance engagement shall only be accepted if safeguards are applied to eliminate any threats or reduce them to an acceptable level.”	STF	Text has been revised to reflect the fact that this wording provides important context for the requirement that follows it.
95.	900.31 A2	AP	Change “personnel” to “professionals”	SGTF	Text revised

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#	Para	IEBSA Member/ TA	Comment	TF	Response
96.	R900.32	AP	<p>I think the link back to the requirement above has then been lost too.</p> <p>This should say something like:</p> <p><i>If the non-assurance service that would not be permitted during the engagement period has not been completed and it is not practical to complete or end the service before the commencement of professional services in connection with the assurance engagement, the firm shall only accept the assurance engagement if:</i></p>	STF	Text revised
97.	905.9 A3	AP	<p>I am not clear on what is meant by “disclosing to intended users the work performed”? How does this help? Surely they know the nature of the work.</p> <p>Why have you dropped the safeguard of using different professionals, as in the extant code?</p>	SGTF	Text revised
98.	905.9 A3	LH	First 2 bullets - idem as above	SGTF	Text revised
99.	920.4 A1	LH	Intimidation - same as above. I don't see such threat	SGTF	Text revised for “purchases”, but “intimidation threat” remains for other business relationships
100	922.4 A3	AP	The structure here is different from the other provisions: “conducting a review etc” rather than “having the work reviewed.”	SGTF	Task believes text is appropriate.

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101	923.4 A1	AP	I think .4 A1 might sit better before the R. What has happened to extant 291.136..missing?	STF	No change made. STF believes the R paragraph should come first. Also believes the thought from 290.136 is covered by R923.4.
102	950.5 A1	LH	...and capable of addressing... Same as above	SGTF	Text revised
103	950.6 and 950.7	LH	The two paragraphs now say essentially the same. I would prefer if this could be redrafted into one R paragraph, like in extant	SGTF	Text revised
104	950.8	LH	Because the reference to the subject matter is removed, this is now stricter than in extant code. That qualifier is key here.	SGTF	Text revised to add back qualifier.
105	950.9 A1	AP	I still think this could be improved. (b) and (c) are examples of (a). (a) is covered in the lead in so I suggest this reads:	SGTF	Text revised as suggested.
GLOSSARY					
106	Special purpose financial statements /R800.3	AP	While the definition is consistent, the discussion in 290.500 seems to have been lost. Is it needed? These paragraphs are only applicable to an audit engagement on special purpose financial statements (a) that is intended to provide a conclusion in positive or negative form that the financial statements are prepared	STF	No change made – STF believes that since this is built into the ISA definition of such an audit engagement it need not be repeated here.

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			<p>in all material respects, in accordance with the applicable financial reporting framework, including, in the case of a fair presentation framework, that the financial statements give a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework, and (b) where the audit report includes a restriction on use and distribution.</p> <p>I recall we put this in for good reason. Perhaps in part to explain the provision “The modifications are not permitted in the case of an audit of financial statements required by law or regulation”.</p>		
107	4A and 4B reference	MP	Glossary Do you refer to Parts 4A and 4B or the International Independence Standards to be consistent with other changes- see definition of firm and of independence. (But awkward when you get to Professional accountant)	STF	No change made – if there is a difference between Part 4A and Part 4B, using “International Independence Standards” would be too general.
108	4A and 4B reference	SA	Suggest including “INTERNATIONAL INDEPENDENCE STANDARDS” as part of TOC headings for Parts 4A and 4B	STF	Heading is above Part 4A so not needed above Part 4B.
LISTS OF ABBREVIATIONS					
109	ISA	MP	Should ISA be ISAs?	STF	Revised.

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OTHER					
110	Editorials	Various see footnote ¹⁶	A number of IESBA participants have sent editorial comments which have been applied to the text as appropriate.		
111	General	AP	Checks consistent of “so long as” and “as long as”	STF	One instance of “so long as” changed in 601.3 A3. 3 other instances of “as long as” R540.7/606. 3 A2 and 609.3 A2 left as they are.
112	General	AP	I noted numerous incorrect cross references to the extant “2016” code at least. Perhaps they have changed in 17, but worth checking if to be used at all.	STF	Several comment tags within the document have been changed. A final check will be made before the January post-approval draft is posted to the website. For noting, the restructured Code that will be included in the final release will not include comment tags.
113	Navigation aid	SA	A suggestion to add in the footer which part of the code you are currently in	STF	Point noted and will consider in developing the final publication.

¹⁶ Saadiya Adam; Helene Agelli; James Barbour; Hiro Fukukawa; Liesbet Haustermans; Chishala Kateka; Patricia Mulvaney; Misha Pieters XRB; Andrew Pinkney