Technology Project – Supplementary Material – Compilation of Exposure Draft (ED) Comments (General and By Question)

Note: This is a supplemental document that has been prepared for information only. An overview of the significant comments received on the Exposure Draft, Proposed Technology-related Revisions to the Code and the Task Force's related responses are included in **Agenda Items 8, 8-A and 8-C**. All comment letters on the ED can be accessed here.

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Regulators and Oversight Authorities, Including MG members		
1	Botswana Accountancy Oversight Authority	N/A
2	Committee of European Audit Oversight Bodies	We welcome IESBA's initiative aimed at revising the Code to remain relevant and fit for purpose in response to the effects of trends and developments in technology. These efforts will contribute to further enhancing confidence and public trust in the audit profession. *Other* In the Code both the terms 'professional accountant' and 'accountant' are used. We suggest considering if the term 'professional accountant' should be used consistently instead of 'accountant'.
3	Irish Auditing and Accounting Supervisory Authority	We welcome IESBA's initiative aimed at revising the Code to remain relevant and fit for purpose in response to the effects of trends and developments in technology. These efforts will contribute to further enhancing confidence and public trust in the audit profession. *Other* In the Code both the terms 'professional accountant' and 'accountant' are used. We suggest considering if the term 'professional accountant' should be used consistently instead of 'accountant'.
4	Independent Regulatory Board for Auditors	1. We welcome the IESBA's initiative to enhance the Code's robustness and expand its relevance in an environment constantly being shaped by rapid technological advancements. We also support the proposed amendments that will guide the ethical mindset and behaviour of professional accountants in public practice, as they deal with changes brought on by technology in their work and the content of the services they provide. 2. We also support the direction of the IESBA's proposed Revisions to: • Draw special attention to the professional competence and confidentiality imperatives of the digital age. • Address the ethical dimension of professional accountants' reliance on, or use of, the output of technology

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		in carrying out their work. • Further enhance considerations relating to threats from the use of technology, as well as considerations relating to complex circumstances in applying the Code's conceptual framework. • Strengthen and clarify the International Independence Standards (IIS) with respect to technology-related non-assurance services (NAS) that firms may provide to their audit clients, or technology-related business relationships they may enter into with their audit clients. • Explicitly acknowledge that the IIS that apply to assurance engagements are applicable to assurance engagements on non-financial information, for example, environmental, social and governance disclosures. 3. However, our opinion is that there are areas where some terminology could be clarified and application material could be added to further improve the IESBA Code. Addressing these concerns would improve consistent application, with the goal of contributing to public trust and confidence in the accountancy and auditing professions. 4. We note that there are proposed revisions to the Code that are not specifically related to technology, such as those relating to complexity as well as professional competence and due care. 5. We have concerns relating to the revisions to professional competence and due care (paragraph 113.1 A1). While we understand that the execution of professional activities generally requires the application of soft skills, the phrase "interpersonal, communication and organisational skills" is likely to be interpreted differently by different professional accountants, leading to an inconsistent application in practice. We have noted one of the plausible interpretations of the term in the specific comments.
5	International Forum of Independent Audit Regulators	1. IFIAR is strongly supportive of IESBA's aim to ensure that the Code reflects the challenges which professional accountants face as a result of the increasing use of technology. We are supportive of the suggested additions in relation to the providing, selling, reselling or licensing of technology and the provision of technology related non-audit services and agree that the changes made to those sections that relate to independence are clear and will support consistency in practice. 2. IFIAR does not support the inclusion of the use of the material covering 'output of technology' within the sections designed to address the use of, or reliance upon, the work of others/experts. We do not believe that the areas are sufficiently similar conceptually and believe that the proposed revisions related to the use of the output of technology should be addressed within their own discrete section of the Code. We also do not support the emphasis on the use of the "Outputs of Technology" as the most effective deployment of technological resources occurs when the professional accountant is involved in each stage of a tool's usage, from scoping through to implementation.

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		3. Additionally, many of the suggested revisions, such as those relating to complexity and interpersonal skills, do not only relate to technology. IFIAR supports these additions but believes that the rationale for them should be more thoroughly reflected in the Basis of Conclusions and we suggest IESBA considers aligning the projects scope and title with the substance of the revisions, which are wider than just technology.
6	International Organization of Securities Commissions	*General* Advancements in technology, including the pace at which those advancements are occurring, continue to impact the way business is conducted around the globe. Professional accountants, their roles, responsibilities and services they provide has been similarly impacted by this increased trend in the use of technology (e.g., financial reporting information in electronic formats). The combination of the complexity and speed of technology and rate of advancements results in a challenge for the Board to remain flexible in how to be best responsive to the needs of the public interest. Ethical and independence considerations underpin the work of professional accountants, and we appreciate the efforts of the Board to have multiple technology-related work streams, including the development of this Paper. *Importance of non-authoritative material* While we support the on-going efforts to enhance the Code's robustness and expand its relevance in response to technological advancements, we strongly encourage the Board to continue to support and prioritize the objectives of the Technology Working Group. As we have stated previously[1], the ability of the Board to be able to issue practical application guidance based upon the existing provisions of the Code and upon the identification of key emerging issues will be critical in response to stakeholder needs and the rapid advancements in this space. For example, there may be more challenges in evaluating a threat to independence created when a firm or network firm provides a technology-related non-assurance service prior to being engaged to serve as the auditor of the financial

[1] See IOSCO's C1 response to the IESBA's Consultation Paper: *Proposed Strategy and Work Plan, 2019-2023* dated 30 July 2018 at: https://www.iosco.org/library/comment_letters/pdf/IESBA-22.pdf

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		statements on which the firm will express an opinion. Should areas in the Code that address these circumstances be emphasized, elevated to requirements (if not currently included therein) or supplemented with additional guidance? We also believe that, during the course of developing application guidance, it is important that the Board recognizes that technology utilized by professional accountants ranges in complexity, and could include, for example, spreadsheet valuation models with lower complexity levels or technologies with higher complexity levels such as those that utilize machine learning or artificial intelligence. To ensure that all forms of technology are considered, the Board should continue to develop appropriate guidance that can be applied to an expanding list of technology issues and matters. *Collaboration with the International Auditing and Assurance Standards Board (IAASB) – On-going Projects and Terminology* We continue to encourage the Board to work with the IAASB to align on projects and the associated outcomes, where relevant. One example where the Board can collaborate with the IAASB is on the consistency of terminology related to technology and the need for consistency for users of the Code and the International Standards on Auditing (ISAs). For example, we observe that the IAASB utilizes the term "automated tools and techniques" frequently as part of their ISA 500, *Audit Evidence* project that aims to modernize and support a principle-based standard that recognizes the evolution in technology. However, it does not appear that the same term is referenced in Part 3 of the Code applicable to Professional Accountants in Public Practice (PAPPs) as part of the proposed revisions included in this Paper.
7	National Association of State Boards of Accountancy	N/A
8	UK FRC	We are strongly supportive of the aim of the IESBA to update the Code to ensure that it is reflective of the rapidly evolving use of technology by professional accountants. Technology is often at the forefront of discussion between regulators and professional accountants. Enhancements to international codes and standards are important for effective and compliant deployment of technological resources in a way that meets the expectations of our stakeholders.

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		We are supportive of the additions made to the Code that relate to the licencing of technology and the provision of technology related non-audit services. These revisions are in line with the FRCs experience of the most appropriate ways to address threats to the fundamental principles. The FRC is supportive of the need for additional material in the Code that relates to complexity. However, we believe that further work is required in order to ensure this material is practical and consistent with how complexity is addressed in other professional standards, such as the International Standards on Auditing (ISAs). Complexity has always been an inherent risk factor in the professional accountant's work, with a broad range of both technological and non-technological factors contributing to potential complexity in an engagement. We believe that IESBA should align with the IAASB's approach to and description of complexity in revised ISA 315. The FRC does not agree that the use of the output of technology is conceptually close enough to the use of the work of an other/expert for the proposed additions to be included within the same section of the Code. In addition, we do not support the emphasis on the term "Output of Technology", as the professional accountant rarely relies solely upon the output of a technological tool; instead, they are invariably involved at each stage in the scoping, implementation, and refining of a tool's operation. Some of the suggested material, for example in relation to complexity, interpersonal and organisational skills, does not relate solely to technology and the FRC believes this should be reflected in the revisions to the Code. The FRC would also support additional clarity on how the on-going work of the IESBA Technology Working Group could lead to additional changes to the Code, or if their focus is on additional guidance. If substantial future changes are anticipated as a result of the work of the group, then the IESBA should consider the potential timescale of this given this Exposure Draft.
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards Board (Australia)	**Overall comments** APESB is supportive of the IESBA's Technology ED to make amendments to the IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code) so that it remains relevant and fit for purpose in response to the transformative effects of technology on the work of professional accountants. APESB agrees with IESBA's approach to developing the revisions to the IESBA Code in a principles-based manner to preserve its relevance as technology evolves. APESB conducted a Roundtable event on 9 May 2022 to obtain stakeholder feedback on the Technology ED, which we have considered and incorporated into our response to IESBA where relevant. The stakeholders who attended the Roundtable included representatives from standard setters, professional accounting bodies and accounting firms.

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		APESB's key recommendations are noted below, and Appendix A provides APESB's responses to the IESBA's specific and general questions. **Recommendations** APESB's key recommendations in relation to the Technology ED for the IESBA's consideration are: • Provide greater clarity on the wording "*Whether the technology incorporates expertise or judgements of the accountant or the employing organisation/firm"* in proposed paragraphs 200.6 A2 and 300.6 A2 and similar wording used in the proposed paragraph 601.5 A2. • Increase guidance on the level of technological competence required by accountants to understand the outputs of Technology, either through additional material in the IESBA Code or examples and case studies in non-authoritative material after the standard is finalised. • Include an additional potential mitigating factor for the proposed paragraph 120.13 A3 to document the uncertain elements, multiple variables and assumptions and how they are interconnected or interdependent. • Develop additional guidance or non-authoritative material after the standard is finalised on the operation of proposed paragraphs 120.13 A1 to A3, how technology creates complex circumstances, and the related consequences when performing a professional activity. • Undertake a more holistic review of Part 4B to determine whether it is fit for purpose to determine the independence requirements for Environmental, Social and Governance (ESG) disclosures. **Small- and Medium-Sized Entities (SMEs) and Small and Medium Practices (SMPs)** APESB notes that due to potential resource constraints or reduced access to internal technological expertise within SMPs, professional accountants in such firms may find addressing the IESBA's Technology ED material more challenging. For example, this could impact the considerations relevant in identifying threats when relying on technology outputs and the factors to consider on whether relying on such outputs is appropriate. **Regulators and Audit Oversight Bodies** No specific concerns regarding the proposed revisions in relation to regulators and audit oversight bodies have been brought to the APESB's attention.

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10	New Zealand Auditing and Assurance Standards Board	The NZAuASB supports the IESBA's initiative to enhance the Code's robustness and its relevance in an environment reshaped by rapid technological changes. In formulating our response, we sought input from New Zealand stakeholders and received input from assurance practitioners by way of polling at a well-attended webinar and sought feedback through written submissions. There is a general support for the proposed revisions. However, we have identified aspects for further refinement or elaboration, as outlined in our submission attached.
Professional Accountancy Organizations		
11	Association of Accounting Technicians	N/A
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We are generally supportive of the proposed revisions for technology-related services in the Code. We support a principles-based Code that has broad applicability to the accounting profession We note that the ED focuses on the potential threats from the use of technology. While we recognise that the use of technology can pose threats, we would also encourage consideration of the opportunities that technology can bring, for example in aiding professional judgement and enhancing compliance with the fundamental principles, and hence the potential threats that could arise from not using technology in certain circumstances. We note that the proposed changes at paragraphs 113.1A1 regarding skills and 120.13 A1 to A3 regarding complexity, may not be seen by users of the Code as technology related revisions to the Code. We recommend that the IESBA highlight these proposed general changes to the Code in the Basis for Conclusions so that users are made aware that the proposed changes are not exclusively related to technology. *Small- and Medium-sized Entities (SMEs) and Small and Medium Practices (SMPs)* SMEs and SMPs are important stakeholders in developing and enhancing the Code. It is within such organisations (with more limited resources, including fewer personnel) where changes in behaviours and mindset are best supported through clear guidance which is proportionate and scalable. The implementation of new technology-related provisions is unlikely to entail significant changes to policies and procedures for most firms. However, the burden on SMEs/SMPs could be disproportionately high, particularly in jurisdictions where PIEs may be small, and the proposed changes to the

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		applicability of some of the NAS provisions may be too costly and impractical for some smaller firms and businesses. This is due to inherent limitations of available resources such as expertise available within the firm or capital available to engage experts. The development of the IIS should command public trust, but the standards also need to allow for efficiency and choice. Following our recommendation raised in our response to Question 1 above, it would be useful for non-authoritative material to be developed which further explains the expectations of the PA when making subjective assessments about the outputs of technology for which they do not have sufficient expertise, when applying the factors listed at proposed paragraphs 220.7 A2 and 320.10 A2. This would be particularly helpful for SMPs. *Regulators and Audit Oversight Bodies* Any refinements to the Code by Regulators and Audit Oversight Bodies must focus on the desired outcomes, and the behavioural changes that will be perceived by the public, rather than simply whether the local Code's requirements are comprehensive. Therefore, the drafting of local Codes must be clear, and they must be drafted with due regard to enforceability. Regulators and Audit Oversight Bodies in some parts of the world, in particular in developing nations, may lack the appetite, capacity and ability to refine the Code specific to their jurisdiction. The implementation of the new technology-related provisions may present practical challenges for local relevant bodies, and they may require proactive engagement and support to deliver these changes. *Developing Nations* Member bodies in different parts of the world operate within a range of cultural environments. While ethical values should not be regarded as relative to location or culture, clarity and sensitivity are important with regard to developing the Code. We believe the Code should remain principles-based and provide a clear framework, while allowing the flexibility for tailored implementation guidance by national standard setters and/or professional bodies. The provisions need to provide practical and effective guidance in respect of technology in order to aid consistency of understanding, interpretation and application across all the IFAC member organisations, in particular on the applicability of NAS provisions for services in relation to the hosting of an audit client's data. *Translations* Translation of the Code for adoption in various environments is a challenging process for translators. Changes inevitably create inefficiencies and place additional demands on translation resources which could threaten accurate translation of the Code and compliance. In our opinion, the proposals should be clear, consistent and logical, and a realistic translation period is required. Although, as drafted, the proposed revisions would be unlikely to present translation issues as they

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		use generally understood phrases rather than specific terms, we have highlighted one term 'complex' which may create issues with translation of the term. The Board should remain alert to this when proposing changes to the Code.
13	Association of International Accountants	N/A
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	PEEC generally supports the technology-related revisions to the Code. The proposed changes will keep the Code relevant with changing technology while staying broad enough to adapt to technologies that do not yet exist. *International convergence* When deciding upon effective dates for changes to the Code, PEEC believes an important consideration is the due process that some organizations must follow in order to converge. In recent years, timelines to converge have been prolonged not only because of the volume of changes made by the IESBA but by the meeting limitations caused by the pandemic. To better achieve international convergence, the IESBA should consider a minimum of a two-year delayed effective date for all standards with longer periods for more complex projects or when multiple projects are finalized in close proximity. This extended timeframe will allow for due process to be followed so international harmonization can be achieved. In addition, the IESBA could consider allowing for early implementation so that those organizations that are not subject to due process and can act more quickly may choose to do so. The significant volume of the IESBA standard setting activity impacts PEEC's ability to converge and so we encourage the IESBA to continue considering this when determining comment periods for future exposure drafts.
15	ASSIREVI	Our Association fully agrees that the Code should be amended to reflect the increased use of technology. Nonetheless, we wish to bring to the attention of the IESBA certain issues arising from the Exposure Draft by way of addressing some general comments, rather than focusing on specific questions. Firstly, Assirevi believes that it would be appropriate to clarify the rationale underlying the changes introduced by the IESBA. In fact, for Professional Accountants in Business (when performing professional activities pursuant to the accountant's relationship with the accountant's firm – whether as a contractor, employee or owner) (para. no. 200.4) and Professional Accountants in Public Practice, it is not clear whether the new provisions are aimed at regulating:

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		(i) the assessment to be made by the auditor on the effects of the technology used in performing his/her audit activity; or *(ii)* the assessment on the effects of the audit client's technology on the audit opinion. More specifically, the basis for conclusions should clearly explain how the last two considerations of para. no. 200.6A2 and 300.6A2[2] should be read and applied, in case a Professional Accountant (whether in business or in public practice) conducts an audit or a review of the financial statements. Assirevi believes that technology developed by an employing organization and/or by the auditor to be used in the context of the audit activities should not be viewed as a matter that might create threats to compliance with the fundamental principles. A different approach would be inconsistent with the existence of an adequate employing organization and/or auditor's internal control system. It should also be noted that ISA 315R already extensively deals with the topic of risk assessment procedures to be performed by the auditor concerning IT applications and other aspects of the entity's IT environment. Consequently, it does not seem necessary to address in the Code of Ethics matters concerning the auditor's assessment of an audit client's technology in issuing an audit opinion; rather, the Code should focus on the non-audit services provided by the audit firm's network to the audit client in connection with the IT system of the latter. The focus in Sections 200 and 300 on the fundamental principle in the context of the auditor's approach to the various biases deriving from the interaction with technology may well be understandable, but it is necessary to carefully evaluate that the modifications to the Code do not go beyond the objective being pursued. As far as Section 600 is concerned, the following issues must be highlighted with reference to the wording used in some provisions. Subsection 606 ("*Information Technology Systems Services*") prohibits "*hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because*

[2] "*The use of technology is a specific circumstance that might create threats to compliance with the fundamental principles. Considerations that are relevant when identifying such threats when a professional accountant relies upon the output from technology include:*

[…]

- *Whether the technology incorporates expertise or judgments of the accountant or the employing organization.*
- *Whether the technology was designed or developed by the accountant or employing organization and therefore might create a self-interest or self-review threat."*

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		they result in the assumption of a management responsibility". In this respect, Assirevi believes that the wording "*directly or indirectly*" would deserve a clarification. In fact: (i) a hosting service per se does not result in assuming a management role. Such role may result from other associated services, for which hosting is just ancillary, (ii) if the hosting service refers to another allowed non-audit service (as identified by the IESBA itself), then it should be permitted. In any case, in Assirevi's view it should be clarified more accurately which type of hosting services may trigger independence issues. The Exposure Draft uses too generic terms such as "*implementing*", "*updating*", "*supporting*" etc. Those kinds of activities must be clearly defined, based on the existing technology best practice: as they are technical in nature, they cannot be indicated in generic terms. Furthermore, it should also be noted that the perception and understanding of these terms may differ across jurisdictions, and that certain terms may not find a corresponding translation in each jurisdictions. For this reason, and in order to maintain as far as possible a consistent approach, it would be appropriate to provide a definition of these terms.
16	Botswana Institute of Chartered Accountants	N/A
17	Compagnie Nationale des Commissaires aux Comptes	Overall, we naturally adhere to the IESBA's legitimate desire to provide the most effective framework possible for the potential independence risks that may be generated by the increasing use of technology in the work of the professional accountant. The CNOEC notes, however, that the drafting and philosophy of the proposals presented are increasingly conceptual and may create difficulties in their practical application. With respect to this exposure draft, but also more generally, the CNOEC wishes to draw the attention of the IESBA to a continuing apprehension on the part of small and medium-sized firms with respect to proposals to amend the International Code of Ethics.

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		The CNOEC, as a member organization of IFAC, recognizes the obligation to use appropriate means to encourage and/or assist in the implementation of the IESBA Ethical Standards and Guidelines for its members. However, this task is becoming increasingly difficult in light of the editorial form that is moving further and further away from that which constitutes our Code of Ethics, carried by Decree No. 2012-432 of March 30, 2012. In addition, the application of safeguards may pose practical difficulties in small and medium-sized firms, exacerbating the distortion with large firms. We believe that this should not be the objective of the IESBA, and as such practical solutions should be sought and proposed in the International Code of Ethics to address this growing inequity.
18	CPA Australia	We have concerns with the proposed revisions. These concerns are detailed in our responses to the questions posed in the ED (refer to **Attachment 1**). Additionally, we highlight several other matters (refer to **Attachment 2**) that the IESBA should consider in progressing these, and future, proposed revisions. Our key concerns relate to the challenges associated with implementing a Code of Ethics for Professional Accountants (the "Code") that is becoming increasingly less accessible to, and hence increasingly less meaningful to, many professional accountants. This situation is being created by:

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		• The rapid increase in the length of the Code over the last five to six years, in particular • The increasing number of requirements being added to the Code, which aim to "clarify" or expand on the fundamental principles. However, rather than clarifying the application of the principles, these additional requirements are adding complexity and creating confusion for many professional accountants and are undermining what is meant to be the principles-based nature of the Code. Arguably, a professional accountant exercising professional judgement will arrive at the "right conclusion" applying the fundamental principles. They don't need additional requirements to make that decision, although at times, additional guidance would be helpful. Therefore, the IESBA might consider the use of guidance materials and other non-authoritative materials, rather than revisions to the Code itself • Adding requirements that appear to conflict with the conceptual framework outlined in the Code. For example, new requirements are being added that conflict with, or appear to "override", the application of Sections 120.2 and R120.3 of the Code

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		• An unwavering, and arguably inappropriate, focus by the IESBA on Parts 4A and 4B of the Code. The vast majority of professional accountants across the globe do not provide audit and assurance services. For those professional accountants the ongoing focus by the IESBA on audit independence is creating conflicts and challenges within the Code. That is, when the IESBA takes an "auditor independence first" approach to the revisions it makes to the Code, this leads to "conforming" revisions in other parts of the Code. This makes the Code less meaningful for those professional accountants who do not provide audit and assurance services. As noted in our 2020 submission on the *Exposure Draft: Proposed Revisions to the Non-Assurance Services (NAS) Provisions of the Code, "CPA Australia questions whether some of the prohibitions proposed, being rules based, are appropriate for inclusion in the Code. Arguably, such prohibitions are a matter for regulators in their respective jurisdictions to address."* This current ED again highlights that the IESBA is potentially damaging the credibility and global adoption of the Code by undermining its foundations, by focusing extensively on auditor independence issues, and by increasingly introducing a rules-based approach to its standard setting. CPA Australia is of the view that with the changed governance arrangements for IESBA currently being implemented, it is an appropriate time for there to be an open and transparent debate about the role and purpose of the IESBA and the international Code of Ethics for Professional Accountants. Without clarity the potential for growing global fragmentation in this space is very real.
19	Chartered Professional Accountants Canada Public Trust Committee	We commend the IESBA for its efforts to enhance the technology-related provisions in the Code to ensure ongoing relevance as technology evolves and impacts the work of the global accountancy profession. We are broadly supportive of the proposed revisions and appreciate the coordination efforts undertaken with the IAASB in the development of the proposals contained in the Exposure Draft and the provision of the webinar to provide additional context and address questions. Notwithstanding our overall support for these proposals and our responses to your specific questions, where we have recommended clarification or additional guidance to encourage consistency in the interpretation and application of the proposals, we encourage the IESBA to also consider our comments below related to the consultation process more broadly.

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		Comment periods for IESBA Exposure Drafts The PTC is grateful that the IESBA extended the comment period to 120-days with respect to this Exposure Draft. However, as outlined in our previous communications with the IESBA, the PTC would like to reemphasize that the customary 90-day comment period is highly challenging, especially in a multi-jurisdictional country such as Canada. The challenge of responding within a relatively short time frame is even more acute in our particular circumstances, as our due process for providing comments includes the exposure of IESBA proposals to revise the International Independence Standards for public comment in Canada. It is also noteworthy that the IESBA has released more than one set of proposed revisions for public comment, with tight deadlines for responding. As the IESBA continues its important work in encouraging and promoting global adoption of the Code, we recommend implementing a public consultation period longer than 90-days. The additional time would result in more comprehensive and considered input and lead to a more rigorous standard-setting process in the public interest. This is particularly important in jurisdictions such as Canada where the proposals must be considered in the context of local laws and regulation and may require translation for public exposure. We are concerned that a 90-day comment period does not allow sufficient time to coordinate and prioritize the resources required for robust consultation in all jurisdictions and request that the IESBA increase the length of comment periods going forward. Webinars and other resources related to IESBA Exposure Drafts The IESBA's webinars are found by our committees to be extremely helpful in understanding the IESBA's process in developing its proposals in the public interest, as well as the substance and implications of the proposals to the Code itself. Given the IESBA's short comment periods and the usefulness of these webinars to our committees in responding to the IESBA's proposals, we request that going forward the IESBA announce webinar dates in conjunction with the release of the relevant exposure draft. This would greatly assist our committees in understanding the proposals and providing feedback to the IESBA.
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	N/A

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21	Hong Kong Institute of Certified Public Accountants	Overall, we support the IESBA's proposed technology-related revisions in order for the Code to remain relevant and fit for purpose in response to the major trends and developments in technology on the work of the global accountancy profession. We find the proposed guidance in the ED useful to support professional accountants' (PAs) performance of professional activities amidst the increasing risks and challenges to compliance with the fundamental principles, such as inclusion of factors and examples to "routine or mechanical" services", "close business relationship" etc. Meanwhile, we suggest enhancement or clarification to some of the proposed materials, such as description to "complex circumstances", to avoid inconsistency in interpretation and practice. However, we are conscious that the proposed thought process to be undertaken, when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles, might be difficult to apply especially among inexperienced PAs and PAs without sufficient IT competency. Also, PAs might find it difficult to substantiate their thought process in hindsight when subsequently challenged by regulators, who might assess prior incidents or decisions by PAs using the latest understanding in technology. Accordingly, we recommend the IESBA to provide further guidance, such as how to document PAs' judgement on their use of or reliance on the output of technology objectivity particularly in hindsight.
22	Ibracon – Instituto de Auditoria Independente do Brasil	N/A
23	Institute of Chartered Accountants in England and Wales	1. ICAEW is supportive of attempts to update the Code to provide guidance for Professional Accountants on how to manage the increasing challenges posed by technology across the spectrum of their work. 2. However, ICAEW considers that the proposed revisions to the Code should go much further, and specifically address the challenges to the profession posed by automated decision making and the use of algorithms (with potential for inherent biases). 3. ICAEW would welcome greater emphasis in the Code on the need for Professional Accountants to ensure they fully understand (and can explain) the way decisions have been made. 4. ICAEW would recommend that the Code should include a firm clarification that responsibility for decisions and judgements (including those derived from material produced by artificial intelligence systems ('AI')) ultimately rests with the Professional Accountant.

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		5. ICAEW considers that the distinction between 'complex' and 'non-complex' circumstances is unhelpful, and the focus should instead be on the nature of the risk faced by Professional Accountants and the actions required of them, rather than the perceived nature of the circumstances in which they are said to be operating. 6. ICAEW has reservations about importing an ethical requirement on individuals to have 'good communication skills' into the Code. This may inadvertently create barriers to entry for individuals into the profession and may adversely impact the range of skill sets available to audit teams. ICAEW considers that Professional Accountants should have the communication skills that are appropriate to the tasks that they are actually performing, and that there should be effective two-way communication between the team (as a whole) and the client. 7. ICAEW considers that the issue of whether hosting client data automatically leads to the assumption of 'management responsibility' is complex and recommends that more detailed application material be provided to clarify the scope of the proposed prohibitions.
24	The Institute of Chartered Accountants of India	N/A
25	The Institute of Chartered Accountants of Nigeria	N/A
26	The Institute of Chartered Accountants of Scotland	Overall, we are generally supportive of IESBA's proposals outlined in the above Exposure Draft and believe that the new provisions will be beneficial to users of the Code.

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27	Institute of Certified Public Accountants of Uganda	The comments below are a reflection of results from the Proposed Technology- related Revisions to the Code survey that was conducted by ICPAU between March and April 2022 as well as the discussion about the same during the 28th meeting of the Public Practice Panel of the Professional Standards Committee held on 12 May 2022. About 40 members participated in the survey that was conducted electronically (see survey report in Appendix 2). As reflected in the comments below, we are generally supportive of the proposed technology- related revisions to the Code.
28	Instutute der Wirtschaftsprüfer (Germany)	N/A
29	ISCA	Overall, we are supportive of the proposed technology-related revisions to the Code which have been developed in a principles-based manner to preserve the relevance of the Code as technology evolves.
30	Japanese Institute of Certified Public Accountants	N/A
31	KICPA	N/A
32	Malta Institute of Accountants	N/A

General comments		
#	**Respondent**	**Extract of Comment**
33	Malaysian Institute of Accountants	N/A
34	NBA	We are pleased to note that IESBA is integrating the technological innovations in the code. As a member of Accountancy Europe (AE), we would like to make some additional comments to the comments AE already provided to you. Next to artificial intelligence (AI), machine learning should also be taken into account, as these models, and thus any decisions made taking them into account, are based on (embedded) lines/rules in a software program. In the call of May 13, 2022 with AE and IESBA, we understood that these models are not to be taken as a black box by the Professional Accountant (PA). Therefore, more clarification/guidance is needed regarding the required knowledge for PA's regarding the models. In the guidance no attention is given to reperformance. This considers two aspects: reperformance on the input/output of the transaction(s) itself and then work performed by the auditor. Due to technology data and decision models being amended over time (specifically when AI of machine learning are involved). The client as well as the PA need to prove to a third party how they arrived at the outcome / conclusion.
35	South African Institute of Chartered Accountants	**(a) Guidance and examples** 1. The profession acknowledges and appreciates the guidance and examples that have been included in the proposed amendments. The competency framework for many professional accountancy organisations have been updated to include the digital acumen. However, for many professional accountants the complexity of technology remains a challenge. We therefore recommend that sufficient examples and guidance is included in the proposed amendments or in a separate guidance paper to support the professional accountant. 2. Examples make statements clearer, give more information, and decrease the chances that the Code may be incorrectly interpreted in real-life situations whilst guidance will assist professional accountants to find the most effective solution to a problem and to make informed decisions. Therefore, sufficient guidance and examples will assist with reducing the anxiety that is felt by professional accountants on embracing technology and ethics.

General comments		
#	**Respondent**	**Extract of Comment**
		(b) Professional accountants and the digital acumen 3. The competency framework of many professional accountancy organisations have been updated with an increased emphasis on the digital competencies. It must be acknowledged that many professional accountants still have a limited or basic understanding on the digital acumen as it was not previously a significant competency in the competency framework, and which is currently being addressed by the accountancy profession. 4. This is a key consideration specifically for small and medium practices where they may have limited staff and resources on information technology which has also been highlighted under the specific comments' annexure of this letter. This may hamper implementation or consideration of some of the revisions in the Code. We recommend that alternative proposals or guidance should be considered to support small and medium practices.
36	Society of Certified Accountants and Auditors of Kosovo	SCAAK is concerned to ensure that professional standards and regulation is proportionate to the capacities of small- and medium-sized accountancy practices (SMPs) and their small- and medium-sized entity (SMEs) clients and tailored to the needs and characteristics of SMPs and SMEs. This project is integral to the scalability of the *International Code of Ethics for Professional Accountants* (the Code) as well as maintaining its relevance in the face of technological change. SCAAK is concerned that SMPs, as with all such public consultations, may be least likely to respond to these proposals for various reasons ranging from lack of awareness as well as time and resources. Therefore, SCAAK encourages targeted outreach to the SMP community perhaps via a focus group of SMPs, such as the IFAC SMP Advisory Group, or a short survey. We are generally supportive of these technology-related enhancements to the Code and believe they provide some additional guidance as technologies continue to evolve at an exponential rate and significantly change the way professional accountants (PAs) work. We do, however, have some concerns. We believe SMPs will find it especially challenging to determine the suitability of specific technologies. We also have some concerns on how this might apply to IT teams with PAs working in business (PAIB) as well as sole practitioners.

General comments		
#	**Respondent**	**Extract of Comment**
37	Thailand Federation of Accounting Professions	N/A
Firms		
38	BDO International Limited	1. BDO agrees that the revisions are key in ensuring that the IESBA Code's provisions remain relevant and fit for purpose to respond to the transformative effects of major trends and developments in technology in relation to the accounting profession. 2. BDO agrees that the public interest will be served with these technology-related proposals, as the proposals more clearly delineate the boundaries of technology-related services that are permissible for firms to provide to their audit clients. However, some of the changes proposed do not seem to directly relate to technology, and as such BDO failed to see the connection with the technology project. These areas have been indicated in our detailed comments as set out below. 3. BDO welcomes and generally supports the clarification that the requirements of the independence standards apply, regardless of the method used in delivering the services, however BDO has suggested amendments to certain of the proposed technology-related revisions, to avoid unintended consequences and to ensure consistent application of the IESBA Code. 4. BDO encourages the IESBA to consider providing practical guidance on some of the revisions (as indicated in the detailed comments below) in the form of application material as well as IESBA Staff Guidance material.
39	Deloitte Touch Tohmatsu Limited	We support the efforts by the Board to seek to enhance the Code's robustness by considering its relevance in an environment being transformed by rapid technological advancements, consistent with the Board's strategic theme of advancing the relevance and impact of the Code through maintaining a global Code fit for purpose in an evolving environment.

General comments		
#	**Respondent**	**Extract of Comment**
		Deloitte Global believes that the use of technology by professional accountants should be encouraged for the many benefits it brings, including enhanced accuracy, speed and cost effectiveness. However, the ED appears to be based on an underlying premise that technology can only threaten compliance with the fundamental principles. We encourage the Board to consider a more balanced discussion about use of technology, and the ways in which it may also reduce threats to compliance with the fundamental principles, for example by delivering an audit or non-audit service consistently and without human bias, thereby enhancing objectivity and improving quality. Deloitte Global also encourages the Board to consider defining the many new terms it has introduced in Section 606 to ensure they are subject to consistent interpretation. For example, explaining the difference between customization and configuration would help clarify the impact each has on creating threats to independence is different. We would be supportive of an approach similar to that taken in the revised *Information Systems Services Interpretation* of the AICPA Code (Section 1.295.145), which specifically defines certain terms that are essential for a consistent application of the updated interpretation. Deloitte Global is also specifically concerned that the prohibition with respect to hosting services is too broad and the terminology used makes it unclear which services are included. The description of IT services refers to "managing (directly or indirectly) the hosting of data on behalf of the audit client" while the subsequent prohibition paragraph refers to "services in relation to the hosting (directly or indirectly) of an audit client's data." The latter is a particularly broad description of services, some of which might not create an unacceptable threat to independence. We suggest the Board consider providing a clear explanation of the services that are covered by the provisions which would enable the consistent interpretation of the Code, which is in the public interest.
40	Ernst & Young Global Limited	N/A
41	GTIL	N/A

General comments		
#	**Respondent**	**Extract of Comment**
42	KPMG	While we support many of the provisions included in the Exposure Draft, we do not support the proposed addition of paragraph 520.7 A1, which includes a reference to the non-assurance service requirements in section 600. Including this paragraph may give the impression that the selling or reselling of technology alone creates a business relationship that needs to be evaluated under the requirements of Section 520 and we do not believe this to be the case. We also take exception with the inclusion of the section on complex circumstances as we do not believe the material is very clear or helpful for practical application. We would instead suggest the Board incorporate the notion of complexity as a factor to consider when evaluating threats to compliance with the fundamental principles.
43	MNP LLP Canada	We applaud the IESBA's project to review the robustness of its International Code of Ethics for Professional Accountants, Including International Independence Standards (the "Code") in light of the current environment of rapid technological advancements and its impact on the accounting profession. The information age presents new ethical challenges and complexities for professional accountants ("PAs"). As such, it is imperative that the Code evolve to guide PAs through the changes in their work processes and scope of services precipitated by technological change. Overall, we support the IESBA's proposed revisions to the Code and agree with the principles-based approach taken. With ongoing significant developments in technology, this approach ensures that the Code continues to remain relevant and fit for purpose. We further support the IESBA Technology Working Group's plans to develop non-authoritative technology-related guidance to assist PAs in the implementation of the revisions. Given the dynamic world of technology, we encourage the IESBA to continue to keep abreast of changes in consideration of whether future iterations and adaptation of the Code are required. Therefore, it may be appropriate to retain a technology-related research project on the IESBA's work plan.
44	PricewaterhouseCoopers International Limited	These proposed revisions are important to reflect the increasing use of technology by the profession and to provide member bodies and professional accountants with appropriate professional guidance. We are generally supportive of the proposed changes. However we have provided, in Appendix 1, a number of observations on matters where we believe that some additional clarity is warranted or where guidance may be useful.

General comments		
#	**Respondent**	**Extract of Comment**
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	We support the IESBA's efforts to facilitate greater communication of and engagement in the standard setting process. Our detailed responses to the questions contained in Proposed technology related revisions to the Code are attached to this letter. In its current form we do not believe the proposed revisions overall have sufficient clarity or consideration of practical issues with the implementation of them, but would welcome the opportunity to engage in any further discussion of this topic with other interested parties.
46	RSM International Limited	We support the additional rules and supporting application as they help Professional Accountants apply the IESBA Code when using technology. We agree that the revisions are necessary for the Code to continue to remain fit for purpose in response to the effects that the development of technology has on the Accounting Profession. We also support the IESBA's objective to ensure that the IESBA code remains principles-based. We support additional guidance throughout the Code as technology impacts accountants both in business and in public practice. We also recognise that use of technology and interpretation of its outputs can be complex and so welcome the introduction of consideration of "complex circumstances" in section 120 of the proposed Code of Ethics. Regarding the revisions to the International Independence Standards, we note the statistic quoted in the Explanatory Memorandum that 24% of respondents to the survey titled "The Impact of Technology on Auditor Independence" did not think that NAS positions are relevant when a firm sells or licenses technology to a client. We agree that selling, reselling or licensing technology is a non-assurance service and so Section 600 should apply to those services. We therefore agree with the clarifications made in the proposed text. Close Business Relationships is a complex topic and so we are supportive of the additional technology-related examples provided. Similarly, we support the proposed amendments related to the threats to independence and risk of performing a management responsibility when providing services that involve technology.
Others		
47	IFAC Small and Medium Practices Advisory Group	Overall, the SMPAG is generally supportive of these technology-related enhancements to the Code and believe they provide some additional guidance as technologies continue to evolve and change the way professional accountants (PAs) work. However, we have concerns relating to overall responsibility and who should be required to determine suitability of specific technologies that are selected. We also have some concerns on how this might apply to IT teams who work with PAs in business. We also have concerns about any unintentional documentation requirements that these changes might introduce, as well as how to evaluate vendors/providers versus assessing the technology itself and how this would be applied in practice. We also questioned the addition of item b in 113.1 A1 related to the application of interpersonal, communication, and organizational skills. We debated whether communication skills are critical if the individual is

General comments		
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		technically competent, and the lack of these skills should not necessarily create an ethical violation. These concerns are explained in further detail in the responses to each question below.
48	Dr. Asha Sharma	N/A
49	Alvaro Fonseca Vivas	N/A
50	MindBridge	Overall, we strongly support the project to enhance professional accountants (PA's) ability to oversight and rely on technology. Further, the overall approach to liken the ability to rely upon an output from a technology as similar to the reliance of an expert is an elegant approach to oversight. In addition, it reinforces that while technology may automate certain tasks, software tools, like ours, should be developed to support human judgement and not replace it. More importantly, as your have learned from our background, the concept of transparency and explainable artificial intelligence (xAI) is at the ethos of our Company and tool. Further, we understand the challenges that small and medium practitioners (SMPs) might have with some of these assessments and the resources available to them, therefore we have focused our product design and company on being forward with our explainability to further help in this regard.

QUESTION 1

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		
1	Botswana Accountancy Oversight Authority	Yes, we support the proposals set out, as emerging technologies create threats to compliance with the code. One consideration is that the technology being applied should have a degree of expert assurance bestowed on it. Such warrant of competence can be in the form of 3rd party certifications, compliance with recognized standards and period reviews of the technology's competence and compliance with regulatory standards and benchmarks.
2	Committee of European Audit Oversight Bodies	In paragraph 300.6 A2 the considerations that are relevant to identifying threats when relying on the output from technology should also include the source and appropriateness of the inputs to that technology.
3	Irish Auditing and Accounting Supervisory Authority	In paragraph 200.6 A2, the considerations that are relevant to identifying threats when a professional accountant in business relies on the output from technology should also include the source and appropriateness of the inputs to that technology. In paragraph 300.6 A2, the considerations that are relevant to identifying threats when relying on the output from technology should also include the source and appropriateness of the inputs to that technology.
4	Independent Regulatory Board for Auditors	We support the proposals that set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraph 300.6 A2. The proposed revisions, however, give the impression that a PA is expected to have extensive IT expertise. We suggest that it be considered sufficient if the PA has access to the suitable IT expertise (regardless of whether this be in-house or outsourced). We also suggest that the examples of safeguards in paragraph 300.8 A2 should include safeguards for when the PA relies on the output from technology. Examples of safeguards may include: Where technology was designed or developed by the firm, proposed safeguards to reduce the threats could be an independent governance or accreditation process, to assess the quality and functionality of any tools the firm developed.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
		Formalised training programmes to ensure that the PA has the professional competence to sufficiently understand, use and explain the output from the technology (without necessarily being the subject matter expert on the IT system concerned). Bullet 5 of paragraph 300.6 A2 links the consideration to a self-interest or self-review threat. It would be beneficial if all the proposed considerations were linked to the different threat categories, similar to paragraph 300.6 A1. This will make the considerations more practical.
5	International Forum of Independent Audit Regulators	IFIAR supports the proposal to enhance the material requiring professional accountants to consider how technology may create threats to the fundamental principles of the Code and agrees that the proposed revisions in paragraph 300.6.A2 are reasonable and include most of the factors that a professional accountant should be aware of when considering the impact of technology. However, it is potentially confusing that the factors included in this paragraph are separate from the threats described in 300.6.A1 and it would be clearer if the technology specific factors to consider were integrated into the existing material here rather than being included under their own heading. We would also support the inclusion of additional examples and factors, such as the need for a professional accountant to consider whether they may need to engage an expert to facilitate the effective deployment of technology.
6	International Organization of Securities Commissions	*Role of the employing organization in Part 2 of the Code* We believe that Professional Accountants in Business (PAIBs) would, in practice, rely upon their employing organization to satisfy certain requirements of the Code as it pertains to the use of technology. This, in our view, would be similar to how PAPPs adhere to the quality control systems in place at their respective firms. However, while the definition of a PAPPs refers to individual professional accountants in public practice and their firms, the definition of a PAIB does not include their employing organizations which would contemplate the entity-wide control systems that may be in place to accomplish ethical requirements around technology. We also believe that this observation applies to the ability of an individual PAIB to comply with the requirements in Subsection 114 – Confidentiality , as the responsibility of complying with the principle of confidentiality may be shared across employees (including other PAIBs) in an employing organization.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
		We encourage the Board to consider how the internal control environment of the employing organization of a PAIB can be referenced in the Code to address these observations. Finally, we encourage the Board to consider seeking input from small and medium-sized entities (SMEs) to understand whether, in addition to our observations above, there are other implementation challenges or unintended consequences, example, segregation of duties concerns, due to resource or cost constraints as a result of the proposed revisions to Part 2 of the Code. *Use of the term "accountant" in Part 3 of the Code* We observe that the term "accountant" is used in the proposed revisions to Parts 2 (200.6 A2 and 220.7 A3) and 3 (300.6 A2) of the Code, however, that term is not defined. We encourage the Board to consider whether references to "accountant" should be changed to "professional accountant". We have included the following excerpts for reference, bolding the use of the term "accountant": 300.6 A2 The use of technology is a specific circumstance that might create threats to compliance with the fundamental principles. Considerations that are relevant when identifying such threats when a professional accountant relies upon the output from technology include: • Whether information about how the technology functions is available to the accountant. • Whether the technology is appropriate for the purpose for which it is to be used. • Whether the accountant has the professional competence to understand, use and explain the output from the technology. • Whether the technology incorporates expertise or judgments of the firm. • Whether the technology was designed or developed by the firm and therefore might create a self-interest or self-review threat.
7	National Association of State Boards of Accountancy	NASBA supports the thought process to be undertaken when considering whether the use of technology by a public accountant (PA) might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2. NASBA does not have other suggested considerations that should be included.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
8	UK FRC	The FRC supports the proposal to include additional material which requires professional accountants to consider how technology may create threats to compliance with the fundamental principles. Proposed paragraphs 200.6.A2 and 300.6.A2 include many of the considerations that a professional accountant should be aware of when determining the potential impact of technology, though we have included a number of additional factors that we believe are important for the professional accountant to consider in our editorial suggestions included within Appendix 2. Appendix 2: • "Whether the accountant has the professional competence to understand, use and explain the output from the technology, and if not, if they are able to engage an expert to facilitate the effective deployment of technological resources in the engagement. Whether the client has sufficiently high-quality data for the effective deployment of the technology being considered."
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards Board (Australia)	APESB agrees with IESBA's approach to include these considerations in Sections 200 and 300 (rather than Section 120) as it will make it more visible to professional accountants when identifying threats. APESB supports the considerations in proposed paragraphs 200.6 A2 and 300.6 A2. However, APESB recommends that the IESBA provide greater clarity on the meaning of the consideration "Whether the technology incorporates expertise or judgements of the accountant or the employing organisation/firm". Varied stakeholder views were discussed at APESB's Roundtable: - One view was that this means that the technology is undertaking work requiring expertise or judgement in lieu of the accountant (i.e., without the technology, the accountant would be using that expertise or judgement), and it is, therefore, part of the professional activity provided and the responsibility of the accountant. - Another view was that the accountant had used their expertise, judgements or decisions on how the technology operates, such as setting assumptions or parameters. We believe that IESBA should clarify this consideration.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
10	New Zealand Auditing and Assurance Standards Board	Yes, the NZAuASB supports the proposals and so did the majority of the New Zealand stakeholders we polled during our online webinar.
Professional Accountancy Organizations		
11	Association of Accounting Technicians	AAT agrees with the proposals and considers them to be sufficiently comprehensive in covering the various threats that may arise in the circumstances envisaged. AAT therefore does not have any suggestions for further considerations to be included.
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We support the new application material in proposed paragraphs 200.6 A2 and 300.6 A2 to assist in identifying threats to compliance with the fundamental principles when a professional accountant (PA) uses or relies upon the output from technology. The guidance in Sections 200 and 300 raises the visibility of technology-related considerations within the Code and the thought process to be undertaken appears comprehensive. We agree that technology is an enabler rather than a threat in its own right. Technology provides delivery tools which help PAs improve efficiency and the quality of outputs. Therefore, the issue is about how technology is applied and the outputs it generates. It is the outputs of technology rather than the use of technology which has the potential to create threats. Ultimately, accountability for the service provided (by use of technology or otherwise) rests with the PA rather than the technology utilised. In our view, the fundamental principles are sufficiently robust to cater for the ethical challenges posed by the use of technology and the current categories of threats contained in the Code could each apply to the use of technology. Therefore, we support the proposals which set out the thought process to be undertaken when considering the use of technology and the threats it might create.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
13	Association of International Accountants	Yes. We agree with the inclusion of paragraphs 200.6 and 300.6 and welcome the emphasis that this places on the way in which technology can create ethical threats. The considerations regarding the use of technology are sensible and follow the thought processes considered in respect of use of other external sources of information and experts. Placing this in the explanatory paragraphs in sections 200 and 300 is sensible and should serve to make the considerations more visible to PAIBs and PAPPs and should therefore help to embed this in ethical considerations more easily.
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	PEEC believes the last bullet point in paragraphs 200.6 A2 and 300.6 A2 is beneficial because it specifies that the situation described might create a self-interest or self-review threat. The first four bullet points are not as clear and do not reference which threats to fundamental principles may arise when using technology. To ensure the proper application of these bullets, PEEC recommends that the IESBA specify which threats relate to each consideration.
15	ASSIREVI	Firstly, Assirevi believes that it would be appropriate to clarify the rationale underlying the changes introduced by the IESBA. In fact, for Professional Accountants in Business (when performing professional activities pursuant to the accountant's relationship with the accountant's firm – whether as a contractor, employee or owner) (para. no. 200.4) and Professional Accountants in Public Practice, it is not clear whether the new provisions are aimed at regulating: (i) the assessment to be made by the auditor on the effects of the technology used in performing his/her audit activity; or (ii) the assessment on the effects of the audit client's technology on the audit opinion. More specifically, the basis for conclusions should clearly explain how the last two considerations of para. no. 200.6A2 and 300.6A2[1] should be read and applied, in case a Professional Accountant (whether in business or in public practice) conducts an audit or a review of the financial statements. Assirevi believes that technology developed by an employing organization and/or by the auditor to be used in the context of the audit activities should not be viewed as a matter that might create threats to compliance with the fundamental

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
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		principles. A different approach would be inconsistent with the existence of an adequate employing organization and/or auditor's internal control system. It should also be noted that ISA 315R already extensively deals with the topic of risk assessment procedures to be performed by the auditor concerning IT applications and other aspects of the entity's IT environment. Consequently, it does not seem necessary to address in the Code of Ethics matters concerning the auditor's assessment of an audit client's technology in issuing an audit opinion; rather, the Code should focus on the non-audit services provided by the audit firm's network to the audit client in connection with the IT system of the latter. The focus in Sections 200 and 300 on the fundamental principle in the context of the auditor's approach to the various biases deriving from the interaction with technology may well be understandable, but it is necessary to carefully evaluate that the modifications to the Code do not go beyond the objective being pursued.
16	Botswana Institute of Chartered Accountants	We support the considerations provided and do not have any further considerations to suggest to the list.
17	Compagnie Nationale des Commissaires aux Comptes	With respect to paragraph 200.6 A2 and the fourth bullet "Whether the technology incorporates expertise or judgments of the accountant or the employing organization" and to paragraph 601.5 A2 "Accounting and bookkeeping services can either be manual or automated. In determining whether an automated service is routine or mechanical, factors to be considered include how the technology functions and whether the technology is based on expertise or judgments of the firm or a network firm", the sentence "whether the technology is based on expertise or judgments of the firm or a network firm" is too wide and therefore needs clarification. Are we talking about a technological tool that has been configured upstream by the professional, in agreement with the client? How extensive could this configuration be allowed to be ? Clarification as well as some examples in the context of small entities where bookkeeping services are often provided would be very useful.
18	CPA Australia	While CPA Australia generally supports the proposals setting out the thought process in proposed paragraphs 200.6 A2 and 300.6 A2, to be undertaken when considering whether the use of technology by a professional accountant might create a threat to compliance with the fundamental principles, the IESBA may wish to consider the following points when finalizing the wording for these paragraphs:

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
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		It is not clear what is meant by the proposition that the professional accountant needs to consider whether they have the competence to "understand" the technology. What is the level of understanding that is required or expected? Is this creating too "high a bar" for the professional accountant? We are uncertain what is meant by "*whether the technology incorporates expertise or judgments of the accountant or the employing organization*." Is the IESBA referring to the risk of technology bias or the risk of the accountant/firm manipulating the technology? The IESBA notes that inputs to technology are not only data, but also other information such as decisions made me individuals relating to the operation of the technology (see last bullet of proposed paragraphs 220.7 A2 and 320.10 A2) Therefore, while it is recognized that the professional accountant is essentially using the output of the technology for decision making, they "rely" on more than just the output. The professional accountant also relies on the inputs to and processes associated with the technology. Is it appropriate that the professional accountant's sole concern is with the "output" from technology, rather than more generally with the technology itself, and all key facets of it? For example, in the Explanatory Memorandum, at paragraph 19, it is noted that: Arguably, the role of the professional accountant is not to understand the technology that they are using per se, but rather to assess the risks and governance processes associated with the use of that technology to ensure that the use of, and reliance on, the technology is appropriate. This is especially critical in the current environment, where the use of technology has led to an increase in offshoring and outsourcing arrangements. Moreover, how are the aspects of programming and data risk taken into account? Should the "maturity of the technology" or its widespread general acceptance and use, also be a consideration for professional accountants in assessing potential threats to compliance with fundamental principles. That is, for example, some of the considerations that are listed in subsequent proposed paragraphs, such as 220.7 A2 and 320.10 A2, which are also relevant, include: "whether the technology is established and effective for the purpose intended" and "the reputation of the developer of the technology."

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
19	Chartered Professional Accountants Canada Public Trust Committee	The PTC has overall support for the proposals setting out the thought process to be undertaken when considering whether the use of technology by a Professional Accountant (PA) might create a threat to compliance with the fundamental principles proposed in paragraphs 200.6 A2 and 300.6 A2. However, we recommend the following clarifying commentary or examples to provide precision, and better context enhancing enforceability: · In relation to proposed paragraphs 200.6 A2 and 300.6 A2, the PTC recommends further highlighting the subtle differences in guidance for professional accountants in business (PAIBs) and professional accountants in public practice (PAPPs) with examples or references to specific threats. · With respect to each bullet contained in 200.6 A2 and 300.6 A2, the PTC recommends that the IESBA provide specific examples of how each criterion might create threats to compliance with fundamental principles and how they should be addressed. This could be done directly in the bullet, or as non-authoritative guidance. · The opening sentence of proposed paragraph 200.6 A2 would benefit from a clear definition of the term "use of technology." Although the second sentence identifies it as "when a PA relies upon the output from the technology", it is important to know if there are any other circumstances for which "use of technology" is contemplated. · The second bullet point in proposed paragraph 200.6 A2 would benefit from an explanation of how one determines if the technology is appropriate for the purpose for which it is used. For example, noting that the technology been tested or otherwise certified for this use. The fourth bullet in proposed paragraph 200.6 A2 would benefit from an example of what is meant by "incorporates expertise or judgements of the accountant or the employing organization" and linking it directly to the relevant threat(s). Finally, the PTC notes that in proposed paragraph 300.6 A2, bullets four and five do not incorporate the PA or the PA's expertise or judgment, only the firm. This is different than proposed paragraph 200.6 A2, which refers to both the PA and the employing organization. It is not clear that references to the firm in Section 300 are intended to be all-encompassing since reference to the PA is not included in the proposed revisions to this paragraph.
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	Yes, we support the proposal set out on paragraphs 200.6 A2 and 300.6 A2. We did not find other considerations that should be included. Determining Whether the Reliance on, or Use of, the Output of Technology is Reasonable or Appropriate for the Intended Purpose

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
21	Hong Kong Institute of Certified Public Accountants	Our stakeholders generally agreed that a thought process as such should be undertaken. Given the prevalence of technology in PAs' work and it is often an extension of the limbs of the PAs, it is reasonable for PAs to consider the proposed principles prior to/ when using the relevant technology to understand the associated risks and impact. We also consider factors covered by the thought process are of a principle-based manner which would preserve the relevance of the Code as technology evolves. However, some of our stakeholders expressed concerns that PAs in general may not possess the necessary IT knowledge to assess factors in the proposed thought process especially in view of the wide range of technological products and the evolving speed of IT development. The proposal might also be challenging for PAs in business (PAIBs) who often use software and tools procured by the employing organization without involving PAIBs in the product selection and might not be fully knowledgeable of the product. While proposed paragraph 220.7 A3 acknowledges that a PAIB's position in an employing organization impacts the PAIB's ability to obtain information in relation to the factors required, we recommend the IESBA to supplement the application guidance with practical illustrations to the circumstances of junior PAIBs and senior PAIBs respectively. Likewise, we encourage the IESBA to provide application guidance to the thought process when considering the use of technology by different levels and capacity of PAs in public practice (PAPPs), for instance, junior/ senior PAPPs; PAPPs providing auditing/ non-assurance services. It would also be helpful for the IESBA to illustrate the application of the thought process in common and emerging technology, such as cloud applications. Should the proposal be finalized as drafted, regulators might follow the revisions for compliance purposes and expect PAs to demonstrate their thought process following proposed paragraphs 200.6 A2 and 300.6 A2. However, the proposed considerations are general and broad, which might be difficult to apply in practice especially by inexperienced PAs or those who do not process sufficient IT competency. Moreover, PAs' assessment and relevant documentation would only be examined subsequently when the relevant technologies have evolved, i.e. regulators might apply the latest understanding to assess prior incidents associated with or decisions made by PAs, making it difficult for PAs to substantiate their thought process in hindsight when challenged by regulators. Accordingly, we recommend the Code to provide guidance on how to document PAs' judgment on their use of or reliance on the output of technology in an objective manner particularly in hindsight.

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#	**Respondent**	**Extract of Comment**
22	Ibracon – Instituto de Auditoria Independente do Brasil	Yes. We support the proposals. In addition, we understand that the Code should include some practical examples considering the use of technology by a PA that might create a threat in terms of comply with the fundamental principles.
23	Institute of Chartered Accountants in England and Wales	ICAEW strongly supports the principle that 'Professional Accountants should apply the same ethical standards to technology issues as to other parts of their professional activities.' In some respects, it might be simpler to state this upfront, rather than to revise individual sections of the Code. ICAEW also notes that some of the proposed revisions are already set out in national Data Protection legislation and is concerned about the potential for overlapping and conflicting obligations. ICAEW considers that the application material should include specific issues to be considered by Professional Accountants, in relation to the training of AI systems. Such material should direct Professional Accountants to their responsibility to be informed about the training of such systems and any potential biases built into the AI system as a result of that process. There should be an obligation on Professional Accountants to understand the data sets that have been employed, and the formulas which underpin the creation of any algorithms used. In particular, application material should remind Professional Accountants to remain aware that AI systems may take account of both correlation and causation when producing analysis or recommendations. Such correlation may be based on inferences about individuals with protected characteristics which are not permitted under national equalities legislation. ICAEW would emphasise that the issue of potential bias by AI systems is particularly important to understand; it is difficult to prove a negative-that a system is 'free from bias'. Just as individuals need to be aware of how their own sub conscious biases might influence the way in which they make decisions, AI systems and those who use them, must be aware of these potential biases too. ICAEW would recommend the inclusion of a new kind of 'familiarity 'threat. This threat arises not from familiarity with the client, but from familiarity with the software employed, combined with automation bias. Where a Professional Accountant uses the same technology repeatedly, there is a risk of expecting a particular outcome and seeing that as 'normal'. This is so even when a 'normal' output would be abnormal in a particular context. Many analytics tools provide the user with visual or other overviews which either show a particular pattern of behaviour, or mark behaviour as 'high' or 'low' risk. This may result in a misleading outcome in circumstances where the Professional Accountant is not alive to the need to consider the context when assessing the results provided by the tool and chooses instead simply to accept the outcome most commonly seen as 'normal'.

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		For example, tools which analyse income and expenditure may be programmed to expect private-sector patterns of income and expenditure recognition. If these were to be applied in a public sector organization, one would expect these to flag year-end activity in public sector bodies as 'unusual', because they largely do not follow a private sector pattern. Such tools might fail to correctly identify that public sector bodies are more at risk of incorrectly classifying capital costs as expenditure (and thus miss classification fraud) to avoid capital budget limits. An auditor with a variety of clients, only some of which are public sector clients, might use such a tool and get a 'normal' reading, or a reading which would normally be expected in a private sector context. The concern is that the auditor might then fail to identify the fact that, in a particular public sector context, such a reading was in fact abnormal and therefore a risk. To address this concern, ICAEW recommends that IESBA extend the second bullet point in paragraphs 200.6A(2) and 300.6A(2) as follows: 'Whether the technology is appropriate for the purpose for which it is being used, and the accountant has adapted their approach to the technology to reflect the specific circumstances of use, to avoid mistakes arising from overfamiliarity with technology'.
24	The Institute of Chartered Accountants of India	We agree with the factors which set out the thought process to be undertaken. As the application of technology will further endeavor more factors might be added in future.
25	The Institute of Chartered Accountants of Nigeria	We support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles. We have no further considerations because we believe that the process is robust and sufficient enough.
26	The Institute of Chartered Accountants of Scotland	(i) Paragraphs 200.6 A2 and 300.6 A2 We agree with the inclusion of paragraphs 200.6 A2 and 300.6 A2 which serve to highlight within the Code that use of technology is a specific circumstance that might create threats to compliance with the fundamental principles.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
		We also agree with IESBA (paragraph 18 of the Explanatory Memorandum) that placing this guidance in Sections 200 and 300, rather than within Section 120, will make the considerations more visible to PAIBs and PAPPs and will therefore better assist them in identifying threats that might arise from reliance on the output from technology. We do not believe that any other considerations need to be included. (ii) Organisational culture We note the addition to paragraph 120.14 A3 with the insertion of 120.14 A3 (b): "120.14 A3 Professional accountants are expected to: (a) encourage and promote an ethics-based culture in their organization, taking into account their position and seniority; and (b) Demonstrate ethical behavior in dealings with business organizations and individuals with which the accountant, the firm or the employing organization has a professional or business relationship." We note that the promotion of an ethics-based culture by professional accountants is also discussed at paragraph 200.5 A3 and suggest that similar wording to 120.14 A3 (b) above could also be added to this paragraph thereby making it more visible to PAIBs. "200.5 A3 The more senior the position of a professional accountant, the greater will be the ability and opportunity to access information, and to influence policies, decisions made and actions taken by others involved with the employing organisation. To the extent that they are able to do so, taking into account their position and seniority in the organisation, accountants are expected to encourage and promote an ethics-based culture in the organisation, in accordance with paragraph 120.14 A3, and demonstrate ethical behavior in dealings with business organizations and individuals with which the accountant or the employing organization has a professional or business relationship. Examples of actions that might be taken include the introduction, implementation and oversight of: ● Ethics education and training programs. ● Management processes and performance evaluation and reward criteria that promote an ethical culture. ● Ethics and whistle-blowing policies. ● Policies and procedures designed to prevent non-compliance with laws and regulations. "

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#	**Respondent**	**Extract of Comment**
		Having specifically included content in Section 200 for Professional Accountants in Business, does also raise the question if similar provisions should be included in Section 300 for Professional Accountants in Public Practice.
27	Institute of Certified Public Accountants of Uganda	We are supportive of the proposals which set out the thought process to be undertaken when considering whether the use of technology by a professional accountant might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2 (refer to question 1 in the survey report). This is because considerations such as whether the accountant has the professional competence to understand, use and explain the output from the technology and whether the technology incorporates expertise of judgments of the accountant or the employing organisation actually determine the level of the accountant's compliance with the fundamental principle of professional competence and due care. Inability to understand, use and explain output from the technology greatly undermines the accountant's competence. We feel that this proposal will actually compel accountants to always seek training and further knowledge for any technology that they may not be conversant with. While we agree that all other considerations are important, we are of the view that the accountant's competence to understand, use and explain the output from the technology should be given more prominence since adoption of technology in accounting work requires the competencies of the accountant to evolve with the technology so adopted.
28	Instutute der Wirtschaftsprüfer (Germany)	The use of technology is a specific circumstance that might create threats to compliance with the fundamental principles. Considerations that are relevant when identifying such threats when a professional accountant relies upon the output from technology include […] In addition to the five considerations that are relevant in identifying threats, we propose to add a further consideration, namely "whether the technology has been modified in an inappropriate way, e.g., due to fraud or error, and therefore produces false output."
29	ISCA	N/A

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30	Japanese Institute of Certified Public Accountants	We support the proposal. We believe that it is appropriate to set out the new application material that suggests a PA considering the threats to compliance with the fundamental principles which might be created when using technology. There are no other considerations to be included.
31	KICPA	We agree that reliance on the output of technology to perform work can create additional threats to compliance with the Code. We support the proposals to add new application material paragraphs requiring to consider such threats and the proposed considerations set forth in the paragraphs. However, the Exposure Draft doesn't clearly define the term "technology" or the scope thereof. The technology herein appears to be intended as a full-range of technologies ranging from AI and machine learning to blockchain, among others, given the nature of the principles-based approach of the Code. What concerns us is that the application scope of the revised Code's requirements relevant to technology may become broader than originally intended because there is a wide range of technologies from a very simple tool to a highly sophisticated technology. We hope the IESBA considers these concerns in finalizing the revisions to the Code.
32	Malta Institute of Accountants	MIA supports the proposals; considerations are generic and self-explanatory .
33	Malaysian Institute of Accountants	We are generally supportive of the proposals which set out the thought process in considering whether the use of technology might create a threat to compliance in paragraphs 200.6 A2 and 300.6 A2. However, we are of the view that the proposed paragraphs do not clearly link the considerations set out here to the threats to compliance with the fundamental principles. Hence, further clarification is still required. In addition, we considered that there may be practical challenges for professional accountants in business and in particular the IT personnel. It may be difficult for those in business to document the proposed items in paragraph 200.6 A2 if there is no guidance on how this is to be carried out. We encourage the IESBA to consider the merit of including further practical guidance or application materials on this matter. Alternatively, other forms of non-authoritative materials will be helpful.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
34	NBA	N/A
35	South African Institute of Chartered Accountants	The profession does not support the current proposal as documented in Section 200.6 A2 and 300.6 A2, as these paragraphs are very critical to the profession in terms of the use of technology. However, it contains insufficient information and guidance for professional accountants. Furthermore paragraphs 200.6 A2 and 300.6 A2 and the bullets that are documented do not align as the bullets do not identify the threat that is being created, except for bullet 5. We recommend that examples of considerations and threats be included separately.
36	Society of Certified Accountants and Auditors of Kosovo	We generally support the proposals. While technology has always been present – since the days of the Abacus and before - but the pace of technological change seems to be exponential. The proposals, therefore, need to stand the test of time and anticipate changes impossible to predict. We believe they meet this test. We wonder, however, whether these proposals also apply to IT teams with PAs working in business (PAIB). If they do, then we have some doubts as to whether PAIB will be able to implement them.
37	Thailand Federation of Accounting Professions	Yes, we support. No other considerations are proposed.
Firms		
38	BDO International Limited	BDO supports the need to set out the thought process to be undertaken when considering whether the use of technology by a Professional Accountant (PA) might create a threat to compliance with the fundamental principles. However, BDO is of the view that the process as outlined in proposed paragraphs 200.6 A2 and 300.6 A2 does not clearly link the considerations to the threats to compliance with the fundamental principles.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
		BDO suggests that the considerations listed in proposed paragraph 200.6 A2 and 300.6 A2 be aligned to the last bullet in concluding on the threat that might be created to clarify how these translate into specific threats to compliance with the fundamental principles.
39	Deloitte Touch Tohmatsu Limited	As noted in the introductory comments, it is concerning that the Code provides that the use of technology can only create threats to (and not potentially enhance) compliance with the fundamental principles. It is recognized in the audit profession that technology is an important driver for improving audit quality and it would be detrimental to suggest that the use or reliance on the output of technology in this circumstance can only threaten the auditor's integrity, objectivity or professional skepticism. Notwithstanding the above, Deloitte Global is supportive of the need to highlight that improper use of, or over-reliance on, technology might create threats to compliance with fundamental principles. However, we are uncertain whether proposed paragraphs 200.6 A2 and 300.6 A2 provide effective guidance for the professional accountant to understand these risks. In Deloitte Global's view it would be more useful to provide practical examples of how technology can potentially create a threat. Including technology-related examples for each threat might make these concepts more useful for users of the Code. Deloitte Global also has the following specific comments for the Board's consideration: · The proposed paragraphs state that "the use of technology is a specific circumstance that might create threats to compliance (…)" which seems too broad and overarching. We do not believe that the use of technology in and of itself might create a threat and the phrase "is a specific circumstance" doesn't add clarity in this context. We believe it is important to highlight that it is an improper use of technology that might create a threat and the language of the Code should reflect that. · It is unclear how the last two bullet points should be interpreted and whether placing reliance on in-house technology rather than on third-party technology increases or diminishes the threat. It would seem from a general principles perspective, the assessment under the first three bullet points should apply equally regardless of who developed the technology. This would be consistent with paragraph R220.7 which states that a professional accountant who intends to rely on the output of technology, whether that technology was developed internally or provided by third parties, shall exercise professional judgment to determine what steps to take, if any, in order to fulfill the responsibilities set out in paragraph R220.4.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
40	Ernst & Young Global Limited	Yes, we support the proposals that set forth relevant considerations for identifying threats to compliance with the fundamental principles when a PA uses technology and relies on its output. We agree that using technology and relying on its output has the potential to create threats to compliance with the fundamental principles, and we are supportive of including examples of considerations that are relevant to the PAs identification of such threats. The technology that a PA will encounter will span a broad spectrum of sophistication. For example, a commercially available spreadsheet program is less sophisticated in its functionality than artificial intelligence software. We see the level of sophistication as an additional consideration that could be listed in proposed paragraphs 200.6 A2 and 300.6 A2 as a separate bullet point. Indeed, the level of sophistication would have a bearing on some of the other considerations included in the proposed paragraphs. As an example, the relevance of considering the availability of information about how the technology functions, as noted in the first bullet point of proposed paragraphs 200.6 A2 and 300.6 A2, might vary depending on how sophisticated the technology is.
41	GTIL	GTIL agrees with IESBA's approach to include these considerations in Sections 200, however we believe the guidance in section 300.6 A2 would be better positioned in section 606 of the Code. These considerations are specific to the performance of technology services and would be more prominent if placed in section 606 – Information Technology System Services of the Code. Furthermore, we recommend that the IESBA provide greater clarity on the meaning "whether the technology incorporates expertise or judgements of the firm", in paragraphs 300.6 A2. We are not clear as to the intent of this wording and believe IESBA should provide clarification.
42	KPMG	We agree with the proposed considerations but believe that the linkage to compliance with the fundamental principles and how threats might be created by the use of technology should be more fully articulated in the opening sentences of 200.6 A2 and 300.6 A2. As a minor editing point, we suggest adding "sufficient" before "information" in the first bullet point under 200.6 A2 and 300.6 A2.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
43	MNP LLP Canada	We concur with the considerations listed in paragraphs 200.6 A2 (for PAs in business) and 300.6 A2 (for PAs in public practice). The new application material will assist PAs in identifying threats to compliance when they rely on, or use, the output of technology. We recommend adding whether the PA has access to an appropriately qualified external and/or internal expert(s) to assist them in understanding the technology as an enhancement to the existing consideration of whether the PA has the professional competence to understand, use and explain the output from the technology. With the rapid development of information technology solutions, it will be important for professional bodies to support their members in developing and expanding their technological competencies. This support, which may include education, professional development, guidance, and other supports, will be necessary in order for PAs to effectively assess and evaluate whether technologies upon which they rely are appropriate for their purposes and any threats that may arise are adequately addressed. We encourage the IESBA to continue its thought leadership and other support in this area.
44	PricewaterhouseCoopers International Limited	We support the notion that use of technology might increase threats such as self-review or self-interest threats (e.g., reliance bias). However, we believe that the framework proposed is not sufficiently specific about the range of tools that may be used by a PA and the different threats to which they may give rise. For example, a PA may use a technology tool such as Microsoft Excel to summarize, filter and assess a population for purposes of selecting items for further evaluation which would present little threat to compliance with the fundamental principles. In contrast, if the PA uses an AI-based anomaly detection tool to identify potential fraudulent or erroneous management accounting on a real-time basis, this would present a far greater risk to compliance with the fundamental principles. If use of technology is to be added to the requirements and guidance, we believe that further investment should be made in fully describing the range of technologies that may be utilized and providing illustrative examples reflecting the spectrum of threats to compliance with the fundamental principles. Separately, we are uncertain about the intent of “Whether the technology incorporates expertise or judgments of the accountant or the employing organization” (200.6 A2) and “Whether the technology incorporates expertise or judgments of the firm” (300.6 A2). We believe that developing technology will typically incorporate the expertise or judgments of the firm or supporting third party developer. We also note that the discussion in the proposed bullets seems to combine, rather than address separately, scenarios where the professional accountant licenses technology to use and where the professional accountant develops and uses technology. This differentiation is important in identifying and assessing the threats to compliance with the fundamental principles.

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	The paragraphs refer specifically to the professional accountant, while this may be appropriate in some circumstances for any practice with more than 1 person, is this intended to suggest each professional accountant within a firm or network should be able to place some form of reliance on a firm or network assessment / explanation of the technology? It would seem somewhat limiting impracticable if each professional accountant needs to individually have all the answers to the points raised in 200.6 A2 and 300.6 A2.
46	RSM International Limited	Yes, we support the proposed paragraphs 200.6.A2 and 300.6.A2. Use of technology and interpretation of its outputs is relevant to Public Accountants both in public practice and in business and the proposed text will help Public Accountants assess threats compliance with the IESBA's fundamental principles. We suggest that the section would be easier to follow if a sub-heading were included before paragraphs 200.6.A2 and 300.6.A2 such as "Identifying threats associated with the use of technology". Determining Whether the Reliance on, or Use of, the Output of Technology is Reasonable or Appropriate for the Intended Purpose
Others		
47	IFAC Small and Medium Practices Advisory Group	The SMPAG questioned whether these proposed paragraphs would apply to IT teams who work with PAs in business. If so, we are unsure as to whether those working in business would be able to implement these changes in practice. For example, for PAs in industry, how would they document that the proposed items in 200.6 A2 are being done as this does not seem practical when PAs may not hold leadership roles in their organization. It also raises the question of how could anyone prove that a PA created a threat to compliance if they leave the organization and there was a future breach that arose after they were gone? There may also be times when there are conflicts in documenting personal ethical duties and violating confidential information clauses of employment agreements.
48	Dr. Asha Sharma	N/A

Question 1: Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2?		
#	**Respondent**	**Extract of Comment**
49	Alvaro Fonseca Vivas	N/A
50	MindBridge	We generally support the lists provided and agree with the change during the drafting process to focus on the output of technology. However, the structure of the bullet points, as written, is slightly confusing. The first three bullet points are written more as safeguards. The final bullet point is written more as a new threat/refinement of the definition of the general compliance threat. However, the second to last bullet point is unclear if this is a safeguard or a threat. Specifically, the second to last bullet point states: “Whether the technology incorporates the expertise or the judgements of the accounting or employing organization”. For example, in the case where a configuration is set based on judgment that better improves the quality of the output as fit for purpose, we see this as supporting the PA’s ability to rely upon the output. However, to the extent that judgment is implying that the technology is replacing the PA’s judgment and taking over the human experience and in effect as subordinating judgment to the output, clearly that is at threat to the overall general requirements. We believe the uncertainty of threat/safeguard status of this bullet may assist in keeping the standard future-proofed as technology advances, as this is clearly the grey zone that requires PA’s judgment. However, we are concerned that some may perceive this item as a threat due to the proximity to the final bullet point. Additional application guidance maybe needed to make clear that incorporating judgment to improve product output is not the same as an overall subordination of judgment. Further, the inclusion of 220.7 A3 is exceptionally important for PAIB’s as related to 200.6 A2. However, we do expect that it will be complex for a PAIB to document and ever provide historical information on if they had made such assessments if they are no longer employed by their employer. The complexity of most organization’s confidentiality information and non-disclosure agreements may conflict with a PAIB’s ability to show they were in compliance with the code. Paragraph 220.7 A3 may need to be expanded to further safeguard PAIB’s who might be the sole PA in an organization.

QUESTION 2

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		
1	Botswana Accountancy Oversight Authority	Yes, we support the proposed revisions. We agree that before a Professional Accountant can place reliance on the data derived from technology, they need to understand the data obtained from the technology, the extent of reliance on the output and the appropriateness of the inputs used in the technology to produce the outputs. With all the factors considered, this will give the Professional Accountant a peace of mind in using the output of the technology.
2	Committee of European Audit Oversight Bodies	The phrase 'ability to understand the output from the technology for the context in which it is to be used' in paragraph 320.10 A2 should be strengthened to cover the professional accountant's ability to assess the reasonableness of the output. We suggest expanding the factors to be considered when a professional accountant intends to use the output of technology in paragraph 320.10 A2 to also include appropriate user management, for example authorisations in the system and super users.
3	Irish Auditing and Accounting Supervisory Authority	The phrase 'ability to understand the output from the technology for the context in which it is to be used' in paragraph 220.7 A2 should be strengthened to cover the ability of a professional accountant in business to assess the reasonableness of the output. The phrase 'ability to understand the output from the technology for the context in which it is to be used' in paragraph 320.10 A2 should be strengthened to cover the professional accountant's ability to assess the reasonableness of the output. We suggest expanding the factors to be considered when a professional accountant intends to use the output of technology in paragraph 320.10 A2 to include appropriate user management, for example authorisations in the system and super users.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
4	Independent Regulatory Board for Auditors	We support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology, in proposed paragraphs R320.10 and 320.10 A2. We suggest adding the following factor to paragraph 320.10: "Training that the PA may have in the use of the technology." Bullet 5 in paragraph 320.10 A2 refers only to the appropriate testing and evaluation of new technology. We suggest that this consideration also be amended to include updates and upgrades to technology. Furthermore, bullet 6 in paragraph 320.10 A2 refers to the reputation of the developer of the technology, if this is acquired from or developed by an external vendor. We do not support the reference to "reputation", as that term is open to subjectivity. A developer might have a good reputation because of work performed for one company, while there could be errors in the development or customisation of the technology for another company. Reputation could also be considered tarnished by geo-political factors that are beyond the control of the external vendor. Though compliance with potential sanctions in such instances would be essential, in the absence of such sanctions one should be cautious to not unnecessarily veto the use of certain products/services purely on account of such extrinsic factors. We suggest that the PA considers the developer's competence and capabilities, rather than their reputation alone.
5	International Forum of Independent Audit Regulators	IFIAR agrees that the material included in paragraph 320.10.A2 is a reasonable starting point as an outline of factors to be considered by a professional accountant when determining whether reliance on the output of technology is reasonable. However, we believe the challenges professional accountants face could be better addressed if the material was presented in a section separate from Using the Work of an Expert given the unique challenges that the use of technology brings to the professional accountant. When making use of or relying on the work of an expert, a professional accountant is relying on an individual or organization's intrinsic expertise in relation to a specific subject matter, their experience, skills, qualifications, and judgements to assist in their work, drawing conclusions based on reports or other works prepared by the expert. In order to best make use of technological tools the professional accountant needs to understand the data being used, the complexity of the relationships present and enough of the working of the tools to ensure that the professional accountant is meeting their professional competence and due care obligations. This is likely to be a more involved process than is usually the case when making use of the work of an expert, with the professional accountant being actively involved in the iterative use of the tool. The emphasis on the use of the output of the technology, rather than on the whole process for making use of a technological resource, is not the most effective approach to ensuring the appropriate use of technological resources. For example, it would be beneficial to include material on (i) when the professional accountant may need to consider consulting an expert in the technology being deployed and (ii) how the professional accountant should determine whether or not the firm has effectively implemented any third-party solutions into their own methodologies.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
6	International Organization of Securities Commissions	We believe that the factor "The firm's oversight of the design, development, implementation, operation, maintenance, monitoring or updating of the technology" should include specific reference to user access of the system (e.g., oversight and authorization of the roles that users are assigned) given the importance to the overall governance of the technology.
7	National Association of State Boards of Accountancy	NASBA supports the proposed revisions, including the proposed factors to be considered in relation to determining whether to rely on, or use, the output of technology as proposed in the exposure draft. Section 220.7 A2 details the factors to consider in determining whether reliance on the output of technology is reasonable. The fifth bullet states "whether new technology has been appropriately tested and evaluated for the purpose intended." Section 320.10 A2 references the same in determining when a professional accountant intends to use the output of technology. We do not understand the significance of the reference to only "new" technology. This factor should be considered for all technology whether "new" or not. We recommend eliminating the word "new" in both places in the Exposure Draft.
8	UK FRC	· The FRC understands the appeal of addressing the factors to be considered when relying on, or using, the output of technology by linking this conceptually to the use or, or reliance on the work of others/an expert. The FRC does not however agree that these aspects of a professional accountant's work are sufficiently similar for the proposed material to be included within the same sections of the Code. We also do not support the emphasis on the term "Output of Technology" as the professional accountant would rarely be relying solely on the output of a technological tool. Instead, they will be involved at each stage in the scoping and implementation of a tool, as well as interpreting its outputs. · The FRC agrees that the material included in paragraphs 220.7.A2 and 320.10.A2 is a reasonable starting point for addressing how professional accountants make use of the output of technology in engagements but we believe the challenges professional accountants face could be better addressed if the material was presented in a discrete section and revised to ensure it reflects the unique challenges that the use of technology brings to the professional accountant. We believe this would improve the useability of the Code and make the factors that need to be considered clearer, and as such we have made editorial suggestions in Appendix 2.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
		· When making use of or relying on the work of others/an expert, a professional accountant is relying on an individual or organization's intrinsic expertise in relation to a specific subject matter, their experience, skills, qualifications, and judgements to assist in their work, drawing conclusions based on reports or other works prepared by the expert. Additionally, many of the experts professional accountants make use of are themselves governed by professional standards, whereas technology is not. Technology, and the outputs from it, are tools which are used by a professional accountant. Technological resources do not make judgements or rely on skills or experience and have no intrinsic expertise. The quality of the output is highly dependent on both quality of the input data and the skills and experience of the individual deploying the tool. · Experts will undertake a process as agreed with the professional accountant and will provide a conclusion or recommendation at the end of that process, such as when a professional accountant engages an actuary to comment on the reasonableness of judgements made in a pension valuation. Technological resources also carry out a process, such as analyzing data to identifying high risk transactions[1], but the tool generally does not form and present conclusions. It is the professional accountant who must interpret the results of a tool in order to understand the implications for the engagement. The emphasis on the use of the output of the technology, rather than on the whole process for making use of a technological resource is not the most effective approach to ensuring appropriate use of technology resources. · Paragraph 220.7.A2 includes "The professional accountant's ability to understand the output from the technology for the context in which it is to be used" as a factor in determining if using the output of technology is reasonable. The IESBA should include material on the factors that a professional accountant considers when they are unable to understand the outputs themselves, but maybe be able to make use of an expert in the technological resource being deployed, for example when making use of a data scientist, either from a firm's in-house team or externally engaged, when deploying data analytics software. This use of experts in the technological resource being deployed is already commonplace, and material on this would facilitate consistent application of the fundamental principles of the Code. · Finally, paragraph 220.7.A2, and the title of this section, refers to a professional accountant "relying" on the work of others, whilst 320.10.A2 refers to the "use" of the work of others. Though this is not a new distinction, and it is already referred to in this way in the extant Code, it would be beneficial for the Code to clearer as to the rationale for this difference in terminology both in the context of the use of output of technology and more broadly when others/experts are involved in an engagement

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
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Independent National Standard Setters		
9	Accounting Professional & Ethical Standards Board (Australia)	APESB supports IESBA's approach to recognise that relying on the outputs of Technology is akin to relying on the work of others or experts and resultant proposed revisions to paragraphs R220.7 and R320.10. Accordingly, APESB agrees with the factors to consider in proposed paragraphs 220.7 A2 and 320.10 A2 on whether reliance on Technology outputs is reasonable or appropriate. However, APESB believes further clarity may be required about the factor of "the professional accountant's ability to understand the output from the technology for the context in which it is to be used". Stakeholders at APESB's Roundtable expressed some uncertainty about what is expected of accountants to understand the output, such as what level of technological expertise is required. Does this mean the accountant would need to understand exactly how the technology derived the output? Paragraph 36(a) of the Technology ED Explanatory Memorandum provides context concerning this and states, "Although PAs do not need to be experts in technology, the IESBA anticipates that they will have a reasonable degree of awareness and understanding of certain matters with a view to deciding whether reliance on the output of technology is reasonable". However, this position is not clearly reflected or evident in the proposed revisions. Stakeholders at APESB's Roundtable believed this could be addressed with examples and case studies, perhaps via non-authoritative material. APESB recommends that further guidance is provided on the level of technological competence required by accountants to understand the outputs of Technology either through additional guidance material in the IESBA Code or examples and case studies in non-authoritative material after the standard is finalised.
10	New Zealand Auditing and Assurance Standards Board	Yes, the NZAuASB supports the proposed factors to be considered whether to rely on or use the output of technology and so did the majority of the New Zealand stakeholders we polled during our online webinar. The NZAuASB encourages the IESBA to add emphasis on the following matters: a) The need for an accountant to understand what technology is doing. We support the view that it is not realistic to expect that a professional accountant understands all specific details of how the technology functions. To help an accountant to make a professional judgement regarding reliance on outputs of the technology, it would be helpful to explain that the proposed factors should be considered as a mitigation of the lack of

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		understanding technical details what is "inside" of the technology and providing alternative ways to ensure the technology can be relied upon. This could be achieved by adding overarching wording before the bullet points in paragraphs 220.7 A2 and 320.10 A2 along the following lines: "It might be impractical for professional accountants to understand the technical details of how the technology functions. Professional accountants might consider all other available and understandable information for the purpose of relying on the output of the technology". b) Technology is tested and evaluated on a continuing basis to ensure it is fit for purpose. Circumstances in which professional accountants operate are changing, therefore the technology should be tested and evaluated on regular basis if it is to be fit for purpose. We suggest building on the fifth bullet point in paragraphs 220.7 A2 and 320.10 A2: "Whether the new technology has been appropriately tested and evaluated for the purpose intended" and include consideration that after initial testing and evaluation, the technology should be regularly tested and evaluated to ensure it is fit for the purpose. We suggest that the following additional bullet point would be helpful: "whether the technology that has been relied on, is regularly evaluated to be fit for purpose". c) Role of the employing organisation or the firm Professional accountants engaged by an employing organisation or a firm usually rely on a dedicated team of technology specialists (employed by a firm or outsourced) who are responsible for maintaining the technology within the firm, understanding how the technology functions and that it is fit for purpose. Professional accountants in public practice rely on their firm's system of quality management that includes obtaining, developing, implementing and use of appropriate technology resources. It could be clarified in the Code that the factors to consider when relying on output of technology might be performed at a firm level instead of by professional accountants themselves.
Professional Accountancy Organizations		
11	Association of Accounting Technicians	N/A

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We support the proposed revisions to these sections of the Code, including the examples of factors for Professional Accountants in Business (PAIBs) and Professional Accountants in Public Practice (PAPPs) to consider in determining whether reliance on, or use of, the output of technology is reasonable, however we suggest factors be included which highlight the risks of not using technology. When applying the factors listed at proposed paragraphs 220.7 A2 and 320.10 A2, it is likely that considerable subjectivity and inconsistency may prevail. It would be useful for non-authoritative material to be developed which further explains the expectations of the PA when making subjective assessments about the outputs of technology for which they do not have sufficient expertise. We question the relevance of the proposed application material specifically for PAIBs in paragraph 220.7 A3. If the proposed application material is considered relevant for PAIBs, then we question why similar application material has not been included for PAPPs. The PAs position in any organisation (whether in business or public practice) may impact their ability to obtain necessary information in relation to the factors they should consider.
13	Association of International Accountants	Yes. We would welcome the inclusion of an additional statement which highlights the impact upon the reliability of such technology of the mindset/ focus or the preparer of such technologies and the purpose for which the technology was designed. We believe that an appreciation of these factors will highlight any potential bias with the design of the technology and its consequent impact on the resulting information. This would be consistent with the considerations outlined over the output of technology

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	PEEC supports the content of the proposed revisions in paragraphs R220.7, 220.7 A2, R320.10, and 320.10 A2. However, these paragraphs seem misplaced in the Code. PEEC believes the requirements and application guidance about relying on and using the output of technology would be better placed under their own headings in Sections 220 and 320. In addition, the IESBA should consider explaining why the scope of the guidance in part 2 and part 3 differs (reliance on vs. use of the output of technology). To ensure the proper application of paragraphs 220.7 A2 and 320.10 A2, PEEC requests that the IESBA provide additional guidance on how professional accountants should apply the factors, including practical examples.
15	ASSIREVI	N/A
16	Botswana Institute of Chartered Accountants	We support the proposed revisions with no further additions.
17	Compagnie Nationale des Commissaires aux Comptes	N/A
18	CPA Australia	Refer to question 1. Also, the IESBA might re-consider the wording of paragraph 220.7 A3, which as written, is more akin to a third party considering what a professional accountant might do, rather than what a professional accountant might need to consider and do. Consideration might be given to wording along the line of:

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
		220.7 A3 Another consideration is whether the professional accountant~~'s~~ is in a position within the employing organization ~~impact the accountant's liability~~ to obtain information in relation to the factors required to determine whether reliance on the work of others or on the output of technology is reasonable.
19	Chartered Professional Accountants Canada Public Trust Committee	The PTC has overall support for the proposed revisions to paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2. However, as outlined below we found several instances in which more clarity would benefit the reader and improve enforceability. Specifically, the PTC recommends including a definition of "technology" and "IT services" to provide the reader with a clear understanding of these concepts and make the guidance less abstract and more enforceable. The PTC also recommends the IESBA to provide additional examples in relation to proposed paragraphs 220.7 A2 bullet three and bullet seven, to help clarify what is meant by "ability to understand the output" and "oversight of… the technology". Specifically in relation to "ability to understand", we noted that the terminology differs from "professional competence to understand" as outlined in 200.6 A2 and 300.6 A2. Clarity around what is meant by each and why different terminology was chosen would be useful. The PTC recommends that proposed paragraph 220.7 A2 be expanded to include both specific examples for each bullet point, as well as concrete steps that the PA could take to apply the criteria, such as what level of enquiry and judgement should be undertaken to satisfy themselves in relation to these factors and how this might be different based on a PAIB's area of accountability or seniority. Furthermore, technology is a challenging topic, and we believe it is important for PAs to collaborate when an area of expertise is outside of one's skillset. Therefore, we also recommend the addition of a final paragraph after the bulleted listing which encourages PAs to seek assistance from others as needed. We also note that proposed paragraph 220.7 A2 and 320.10 A2 bullet four requires further explanation or examples of how PAIBs and PAPPs determine whether a technology is "established" and effective for the purpose intended. The context in which the term "established" will be evaluated is not clear as currently written. The PTC recommends the IESBA provide clarification of the reason for the difference in terminology used in proposed paragraphs 220.7 A2 and 320.10 A2 when introducing the bulleted lists ("…reliance on the output of technology…" versus "…use the output of technology…"). We assume that this difference in terminology stems from the difference in the preceding section titles, for consistency within each section. However, we are nonetheless concerned that it may imply a different application between PAIBs and PAPPs. We recommend that proposed paragraph 220.7 A3 be expanded to provide better context around "professional accountant's position" to help identify who exactly is targeted by this paragraph. For example, senior professional accountants will have greater ability and opportunity to access information than more junior staff who may not be in a position to obtain the necessary information for reliance on the technology. Therefore, the IESBA should consider including such a disclaimer for junior level staff, or simply specify it applies to senior level PAs.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	Yes, we support the proposal set out on paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2. We did not find other factors that should be considered. Yes, we support the proposal set out on paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2. We did not find other factors that should be considered.
21	Hong Kong Institute of Certified Public Accountants	We consider the proposed factors in paragraphs 220.7 A2 and 320.10 A2 are relevant for PAs to make decisions when relying on or using the output of technology. They help PAs to assess whether they understand the output concerned so as to avoid inappropriate use of the results produced. However, most if not all of the proposed factors relate to the IT governance of the PA's employing organization, an area where the PA might not have control or assume governance responsibility over. Accordingly, we suggest the IESBA to differentiate factors for consideration by PAs in general, and PAs charged with IT governance. Also, we find some of the proposed factors too general and might be difficult to apply in practice, such as "The reputation of the developer of the technology if acquired from or developed by an external vendor". We suggest the IESBA to re-fine the drafting, for example, PAs should consider the capability and track record of the external vendor in a way similar to assessing the competence, capabilities, etc. of an auditor's expert under International Auditing Standard 620 Using the Work of an Auditor's Expert. We also recommend the IESBA to consider incorporating factors relating to data security such as an established information system contingency plan to address risk of data loss or data damage due to hacker or virus; established policies or procedures pertaining to the use of personal information, etc.
22	Ibracon – Instituto de Auditoria Independente do Brasil	Yes. We support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in the proposed paragraphs.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
23	Institute of Chartered Accountants in England and Wales	ICAEW considers that the revisions should state explicitly that ultimate responsibility for judgements and decision making (including those derived from material produced by artificial intelligence systems) remains clearly with the Professional Accountant. Where the Professional Accountant is satisfied about the data analyzed and the process used to analyze it, including any inherent potential bias within the AI system, it may in some circumstances be acceptable to delegate routine decision making to an automated system. However, it would never be acceptable for a Professional Accountant to abrogate completely all responsibility for decision making to a system. Decisions must be explainable. As such, Professional Accountants have a professional duty to understand the data behind the decision; the rationale for the decision; and the important steps in the process which resulted in the decision. In turn, it should be possible to trace a decision back to the data which underpinned it, and to understand the implications of any in-built shortcomings or 'bias' in the data which has been fed into the decision-making process. ICAEW considers that the wording in proposed new paragraph 220.7 A2 should make reference to potential conflicts of interest in relation to experts. It is frequently the case that experts available to accountants will have commercial interests in specific technologies. Quite often, it is only the technology firms or vendors that will have a detailed understanding of such technologies. The field of AI is now so diverse that simply seeking an 'AI expert' is no longer sufficient. Professional Accountants are increasingly required to identify an expert in a particular sub-set or application of AI. Often the most available experts are those with a commercial interest in a specific technology. This can make identifying and relying on independent expertise very hard for the Professional Accountant. As such, ICAEW recommends that this paragraph should include an obligation on Professional Accountants to consider potential conflicts of interest related to experts, and to reflect on whether it would be appropriate or ethical to use a specific technology, in circumstances where independent expertise cannot be provided. More generally, standard setters may want to consider whether the standards governing the use of experts need updating, or whether additional guidance should be provided particularly for Professional Accountants who are not in practice, as to how to identify and assess experts in technology.
24	The Institute of Chartered Accountants of India	We agree with these. As stated earlier, other factors can be contemplated in future based on experienced shared.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
25	The Institute of Chartered Accountants of Nigeria	The factors enumerated in the relevant paragraph are broad-based enough as the starting point in establishing relevant considerations to be made in determining whether to rely on or use the outputs of technology. Given the dynamic nature of technology, further factors necessary for consideration may arise in the future.
26	The Institute of Chartered Accountants of Scotland	(i) Proposed factors to be considered in relation to determining whether to rely on, or use, the output of technology We note that PAs are being asked to consider the appropriateness of the output from technology in paragraphs 220.7 A2 and 320.10 A2. We believe some may be concerned with the extent of these obligations in terms of competence, however, we also appreciate that PAs cannot just blindly rely on the output from technology and there is a need for PAs to give some consideration as to the reasonableness of the output of the technology just as they would if they were considering the work of an expert. Paragraph 36 (a) of the Explanatory Memorandum states: "Although PAs do not need to be experts in technology, the IESBA anticipates that they will have a reasonable degree of awareness and understanding of certain matters with a view to deciding whether reliance on the output of technology is reasonable." As such, we suggest this wording ought to be included, or expanded upon, in the Code to clarify to PAs IESBA's expectations of them. (ii) Appropriateness of the inputs to the technology The last bullets of paragraphs 220.7 A2 and 320.10 A2 state: "The appropriateness of the inputs to the technology, including data and any related decisions." To enhance clarity for users as to IESBA's intentions, we suggest this bullet could be expanded to include what is noted in the Explanatory Memorandum paragraph 19 i.e. "The IESBA noted that inputs to technology are not only data, but also other information such as decisions made by individuals relating to the operation of the technology." For example: "The appropriateness of the inputs to the technology, including data and any related decisions, such as decisions made by individuals relating to the operation of the technology." (iii) A professional accountant who intends to rely on the work of other individuals We note that IESBA is proposing to delete reference to "individuals" from paragraph R220.7 (a) (noted below for reference), however 220.7 A1 still refers to "other individual or organisation". We therefore suggest that this proposed change is leading to some inconsistency between these two paragraphs. We further note that following the Role and Mindset revisions to "Subsection 112 – Objectivity", reference to "Undue influence of others" in paragraph R112.1 was expanded

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
		to elaborate on the meaning of "others": i.e. "undue influence of, or undue reliance on, individuals, organizations, technology or other factors." We therefore suggest reference to "individuals" should remain in paragraph R220.7 (a) as this would ensure consistency both with paragraph 220.7 A1 and also paragraph R112.1 as follows: ""R220.7 A professional accountant who intends to rely on: (a) the work of other individuals, either internal or external to the employing organization, or other organizations, or ...." We also note proposed paragraphs R220.7 and 220.7 A1 for reference: "R220.7 A professional accountant who intends to rely on: (a) The work of others, individuals, either whether internal or external to the employing organization, or other organizations, or (b) The output of technology, whether that technology was developed internally or provided by third parties, shall exercise professional judgment to determine what steps to take, if any, in order to fulfill the responsibilities set out in paragraph R220.4. 220.7 A1 Factors to consider in determining whether reliance on the work of others is reasonable include: • The reputation and expertise of, and resources available to, the other individual or organization. • Whether the other individual is subject to applicable professional and ethics standards. Such information might be gained from prior association with, or from consulting others about, the other individual or organization." (iv) Bias Within the "Relying on the Work of Others or on the Output of Technology" paragraphs of Section 220 we also suggest it may be helpful to refer to the "Bias" paragraphs at paragraphs 120.12 A1 to 120.12 A3 e.g. automation bias. (v) Paragraph 220.7 A3

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
		We note that paragraph 220.7 A3 states the following: "Another consideration is whether the professional accountant's position within the employing organization impacts the accountant's ability to obtain information in relation to the factors required to determine whether reliance on the work of others or on the output of technology is reasonable." We do not object to this paragraph however we suggest that, in addition, some guidance could be provided regarding what the PA should do in such a circumstance. For example, could the PA be referred to Section 230 "Acting with Sufficient Expertise" and Section 270 "Pressure to breach the Fundamental Principles"?
27	Institute of Certified Public Accountants of Uganda	We are supportive of the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use the output of technology in proposed paragraphs R200.7, 220.7 A2, R320.10 and 320.10 A2. As shown in the question 2 in the survey results, the respondents agreed with the inclusion of the proposed factors but rated the nature of activity to be performed by the technology highest, followed by the accountant's ability to understand the output from the technology for its intended use, the expected use of or extent of reliance on the output from the technology and whether the technology is established and effective for its intended purpose.
28	Instutute der Wirtschaftsprüfer (Germany)	The professional accountant can only rely on the output of technology if the relevant general IT controls (GITC) are efficient. This applies to the statutory audit as well as other activities provided by the professional accountant. Instead of listing specific factors to consider in determining whether reliance is reasonable one could simply refer to the efficiency of GITC as such. This would cover the various factors listed in section 220.7 A2 without specifying them and, thus, without the risk of omitting singular factors. The public auditor can only rely on the output of technology if the relevant general IT controls (GITC) are efficient. This applies to the statutory audit as well as other activities provided by the professional accountant. Instead of listing specific factors to consider in determining whether reliance is reasonable one could simply refer to the efficiency of GITC as such. This would incorporate the various factors listed in section 320.10 A2 without the risk of omitting individual factors.
29	ISCA	We are supportive of the examples of factors listed in proposed paragraphs 220.7 A2 and 320.10 A2 for professional accountants in business (PAIBs) and professional accountants in public practice (PAPPs) respectively, to consider in determining whether the reliance on, or use of, the output of technology is reasonable or appropriate for the intended purpose. In the current business environment, it is common for junior level PAIBs to be utilising outputs of technology in their work. Hence, whilst we support proposed paragraph 220.7 A3 to consider whether a PAIB's position within the employing organisation impacts his/her ability to obtain information, we suggest that IESBA provide clarity on how junior level PAIBs (as opposed to senior level PAIBs) would apply factors listed in proposed paragraph 220.7 A2.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
30	Japanese Institute of Certified Public Accountants	We support the proposed revisions. The establishment of new factors to be considered when relying on or using the output produced from technology is an excellent example of matters on which inquiring mind shall be exercised. There are no other factors to be included.
31	KICPA	We agree that professional judgment must be exercised to determine whether reliance on or use of the output of technology is reasonable and fit for purpose when considering the threat to compliance with the Code. We support the proposed relevant application materials and considerations.
32	Malta Institute of Accountants	MIA needs clarity as to the: - extent of what is covered by "technology", for example, is it something as straight forward as Microsoft Excel? As this is included in the sections related to experts, is this expected to cover only areas where an expert would need to be referred to? Expected level of documentation around the factors to be considered; -4th and 5th bullets of paragraph 220.7 A2 -the extent to which this is tested (controls testing); and -Extent of evaluation of reputation of the developer
33	Malaysian Institute of Accountants	In relation to paragraphs 220.7 A2 and 320.10 A2, while we are of the opinion that reputation of the developer can be one of the factors to be considered when determining whether to rely on or use the output of the technology, it should not be the sole measure of the quality of technology. This is because the evaluation of reputation (while easily accessible online in today's environment), can still be subjective and unreliable without the consideration of further due diligence. To focus on the reputation of a developer may result in professional accountants underestimating the importance of other objective factors in determining the reliability of the technology.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
		We suggest that the IESBA clarify on how the reputation of the software developer is assessed and how this factor would impact the professional accountant's considerations when it is not possible to assess their reputation (especially when it involves emerging technology). We would also draw your attention to paragraph 320.10 A2 where one of the factors is the professional accountant's ability to understand the output from the technology for the context in which it is to be used. The Institute supports the inclusion of this factor as we believe the professional accountant should possess this ability. However, we seek further clarification from IESBA on the application of this factor from the perspective of a professional accountant in business. For professionals in practice, the ISAs contain provisions on the use of the work of experts, which allows for access to experts who can provide assurance on the reliability of this output. We believe a similar provision can be introduced to provide an avenue for the professional accountant in business to obtain reasonable access to the knowledge, skills and experience required to obtain that understanding. We propose that the IESBA consider if it would be relevant to clarify in paragraphs 220.7 A3 and 320.10 A2 that if the professional accountant does not have the required expertise to determine whether reliance could be placed or determined, the professional accountant should have access to the knowledge, skills and experience needed to assist in making such a determination.
34	NBA	N/A
35	South African Institute of Chartered Accountants	The profession does not support the proposed addition in its status in paragraph 220.7 A2 as it imposes factors to be considered by professional accountants of which they may not have the necessary skills or competencies and are of a specialized nature such as "whether the technology is established and effective for the purpose intended and whether new technology has been appropriately tested and evaluated for the purpose intended." This is a particularly difficult task where complex systems have been implemented by the client. The additional considerations prescribed in paragraph 220.7 A2 will require professional accountants to upskill themselves on complex technology processes or hire an expert to be part of the team which will result in increased audit or professional costs. There is a risk that the client will not see the benefit from and therefore they may not approve the increase in fees. Paragraph 220.7 A2 will impact small and medium practices drastically as they have less resources and skills and will be forced to procure the services of information technology experts.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
		We recommended that guidance be included to assist small and medium practices who do not have sufficient resources to consider all aspects included in paragraph 220.7 A2.
36	Society of Certified Accountants and Auditors of Kosovo	We generally support the proposed revisions. We believe, however, that given the limited technical resources and know how available to SMPs the proposed revised wording of R320.10, which requires PAs to determine whether a particular technology is appropriate for the intended purpose, will prove especially challenging. SMPs, unlike larger practices, will likely not have staff equipped to make this assessment
37	Thailand Federation of Accounting Professions	Yes, we support. No other factors are proposed.
Firms		
38	BDO International Limited	BDO is generally supportive of the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2. Proposed paragraph 220.7 A2 and corresponding 320.10 A2 includes a consideration relating to the reputation of the developer of the technology. BDO's view is that reputation is not necessarily a reliable measure of the quality of technology because the evaluation of reputation is subjective and somewhat unreliable without the performance of a due diligence. Indeed, focusing on the reputation of the developer may cause a PA to underestimate the importance of other, more objective, factors in this analysis. While we concur that a bad reputation may impact whether reliance on the output of technology is reasonable, BDO suggests that the proposed revisions clarify how the reputation of the software developer is assessed and how this factor impacts software developers where it is not possible to assess their reputation.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
		Proposed paragraph 320.10 A2 includes a factor relating to the PA's ability to understand the output from the technology for the context in which it is to be used. BDO is of the view that this factor should be expanded to clarify that either the PA has the ability to understand or has access to knowledge, skills and experience required to obtain an understanding. With reference to proposed paragraph 220.7 A3, BDO believes that this proposed application material should clarify that when the PA does not have the required expertise to determine whether reliance can be placed, they have access to the knowledge, skills and experience needed to assist to PA in making such a determination.
39	Deloitte Touch Tohmatsu Limited	Deloitte Global is supportive of providing factors to be considered in relation to determining whether to rely on, or use the output of technology, including those proposed. However, the factors are specific to the use of technology and should not be simply added to the section on using the work of an expert. We encourage the Board to consider including separate provisions around this determination (e.g., as paragraphs R320.11 and 320.11 A1) which would also help give appropriate prominence to those revisions. We are also of the view that it would be valuable to provide more context to help with practical application and to ensure it is clear why those factors are important e.g., why the nature of activity is relevant, or why the extent of reliance matters in this determination. Deloitte Global also provides the following specific comments for the Board's consideration: · The factors included in paragraph 220.7 A2 are the same as those in paragraph 320.10 A2 however, the introductory words are different, and it is unclear if the difference is intentional. Paragraph 220.7 A2 states these are factors to consider in determining "whether reliance on the output of technology is reasonable" while paragraph 320.10 A2 states these are the factors to consider when a professional accountant "intends to use the output of technology". Likewise, the subsequent Part 4A paragraphs refer to "relying/reliance on technology" and the Part 4B paragraphs refer to "use of technology". The commentary in the ED uses "rely or use" interchangeably for both. If there is a purposeful distinction being made, then it is unclear what it is or what the impact on the assessment should be. · With respect to the second to last bullet point it is unclear whether this is a positive or negative factor. The fact that the firm has oversight of the technology could be viewed as a positive factor because the professional accountant can be more confident in relying on it, or as a negative factor because it creates a familiarity threat. The bullet point also seems to be implying that in-house technology should be treated differently from third party technology, whereas under the other

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
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		bullet points the outputs of technology should be equally evaluated for intended purpose, regardless of whether in-house or third party technology. Including a potentially negative factor in assessment of in-house technology could have the unintended consequence of discouraging the development of technology by professional accountants. · While there is no specific question in the ED with respect to paragraph 220.7 A3, we are not clear why this factor is included separately to those in paragraph 220.7 A2 and is not included at all in Section 300. Deloitte Global does believe that the role of the person within the organisation would have impact on their determination of appropriateness of using technology and that the Code should clearly address this. For example, a professional accountant who is more junior within the organisation might not be in the position to question whether the underlying technology has been appropriately tested but should understand the output from the technology for the context in which it is to be used.
40	Ernst & Young Global Limited	We support the proposed revisions in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2. We note that the 5th bullet point of both proposed paragraphs 220.7 A2 and 320.10 A2 relates to whether the new technology has been appropriately tested and evaluated for the purpose intended. However, it is not clear whether this is suggesting the PA, or the PA's employing organization, should perform the testing and evaluation. Adding a similar statement as the one included in extant paragraphs 220.7 A1 and 320.10 A1 that "Such/that information might be gained from prior association with, or from consulting others about. . ." would be both appropriate and helpful.
41	GTIL	GTIL supports IESBA's approach to recognize that relying on the outputs of technology can be akin to relying on the work of others or experts and agrees with the proposed revisions to paragraphs R220.7 and R320.10. However, in the International Standards for Auditing (ISAs), they refer to the term "using the work….", as opposed to the "extent of reliance on". We believe there should be consistent use of terminology in the auditing and independence standards, and recommend the Board change the language in paragraphs 220.7 A2, 320.10 A2 and in other paragraphs of the proposals that use the terminology "relies" or "reliance on".
42	KPMG	We support the majority of these proposed revisions. In relation to paragraph 220.7 A3, we suggest rewording the paragraph to be more specific and adding examples which will aid in understanding and accurate translation.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
#	**Respondent**	**Extract of Comment**
43	MNP LLP Canada	N/A
44	PricewaterhouseCoopers International Limited	Yes, we broadly support the proposed application material, subject to the following observations: 220.7 A2 and 320.10 A2: We are not clear as to how the professional accountant should assess "The professional accountant's ability to understand the output from the technology for the context in which it is to be used." We recommend further guidance is added to explain whether this refers to the availability of training/user guides, ease of use, basic understanding of the technology, or whether this perhaps refers to the professional accountant having prerequisite knowledge to properly assess the tool output (e.g., industry knowledge or adequate experience to develop an independent expectation of a reasonable or unreasonable tool output). If the intent is to refer to the knowledge and experience of the professional accountant, we find this bullet from 200.6.A2 to be more helpful: "Whether the accountant has the professional competence to understand, use and explain the output from the technology." 220.7 A2 and 320.10 A2: The fourth bullet in each of these paragraphs states: "Whether the technology is established and effective for the purpose intended." It is unclear what is meant by "established" in this context. We would suggest deleting "is established and" from this proposed guidance. 220.7 A2: The seventh bullet in this section states: "The employing organization's oversight of the design, development, implementation, operation, maintenance, monitoring or updating of the technology." Is this statement intended to relate to technology acquired/developed by an external vendor? If so, we recommend that it should be combined with the bullet directly above (sixth bullet in this section) which states "The reputation of the developer of the technology if acquired from or developed by an external vendor." If the bullet is to address technology developed internally as well as externally, we suggest the following wording in order to grant some flexibility for different scenarios: "The employing organization's extent of knowledge and oversight of the design, development, implementation, operation, maintenance, monitoring or updating of the technology." 220.7 A3: This provision states: "Another consideration is whether the professional accountant's position within the employing organization impacts the accountant's ability to obtain information in relation to the factors required to determine whether reliance on the work of others or on the output of technology is reasonable." It is not clear to us what this proposed provision means. Is this intended to say that the ability of the individual to rely on the technology is related to their ability to have visibility into the factors included within 220.7 A2? If so, we recommend this be drafted to be clear.

Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2?		
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45	Pitcher Partners Australia (Member of Baker Tilly Intl)	Clarity through some real world no authoritative guidance would be beneficial to provide more practical guidance on the expectations and documentation necessary to fulfill the responsibilities of R220.4 given the "professional judgment" required which is always in hindsight different to that which is applied in advance of an issue occurring. Practical examples would address common technology such as excel, access, and other established technologies such as commercially available systems where reports are run. How this would interact/align with ASA 315 and the identification of risks through the understanding of the systems of control is unclear.
46	RSM International Limited	Yes, we support the proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2; analysis in relation to the output of technology is relevant to Public Accountants in business and in practice and so it helps the IESBA Code remain fit for purpose by adding factors to consider in determining whether reliance on the output of technology is reasonable. For clarity, we suggest that R220.7 be amended to read: "…(a) The work of other individuals, whether internal or external to the employing organization, or other organizations". We suggest to include another factor to be considered under paragraphs 220.7A2 and 320.10 A2 as follows: "The effectiveness of the organization's general and application controls related to the technology. " Consideration of "Complex Circumstances" When Applying the Conceptual Framework
Others		
47	IFAC Small and Medium Practices Advisory Group	Related to 220.7 A2, we believe the emphasis should be about assessing the vendors and having them provide sufficient information for PAs to have oversight of the tools/products that they may be offering rather than putting all of the responsibility on the PA. Perhaps practical examples or additional implementation guidance could be developed to further explain what an accountant would do in order to consider the list of factors noted in 220.7 A2. We are concerned with the proposed change to R320.10, which reads:

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		"When a professional accountant intends to use the work of an expert or the output of technology in the course of undertaking a professional activity, the accountant shall determine whether the use is appropriate for the intended purpose." This requirement of determining whether a particular technology is appropriate for the intended purpose can have practical implications that the Board should further consider. For example, new product offerings might be challenging for PAs to evaluate whether they are appropriate for the intended purpose, especially for SMPs. We also struggled with how to differentiate between evaluating use of an expert versus evaluating output of the technology that the expert is providing. This is an area where additional guidance and examples might be helpful.
48	Dr. Asha Sharma	N/A
49	Alvaro Fonseca Vivas	N/A
50	MindBridge	As written, the second to last bullet point could create undue complexity in tools provided by third parties: "The employing organization's oversight of the design, development, implementation, operation, maintenance, monitoring or updating of the technology." We have already received questions on whether this means that our customers need to review our source code. As noted in the background section, we have already taken steps to provide third-party review of our code related to data science. In addition, there would be ways to oversight these processes without review of source code. Source code is considered very proprietary in many regards and most of our customers do not have the ability to competently review code. The concerning word is likely "oversight" vs. a separate term related to vendors (as compared to internally developed software). A solution maybe to use the clause "oversight or understanding of." In addition, the concerns related to PAIB's expressed in our response to question 1 remain relevant to this question (i.e., an organization's confidentiality of information and non-disclosure agreements may conflict with a PAIB's ability to show they were in compliance with the Code).

QUESTION 3

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		
1	Botswana Accountancy Oversight Authority	Yes, we agree with the proposed application material because it is open to including others in the process, for example, the firm, relevant stakeholders, and experts. We are also in agreement that it is important to monitor any developments or changes in the facts and circumstances and to assess whether these may have impact on the judgment the accountant had previously made. This would help in always making the accountant's judgment relevant. The proposal is also consistent with the principle of professional judgement and achieves greater harmony with other standards in auditing and the conceptual frameworks of the IASB.
2	Committee of European Audit Oversight Bodies	Paragraph 120.13 addresses complex circumstances. While it is useful to provide guidance to professional accountants on the topic, the language on both what complex circumstances entail and on potential responses are very vague. We suggest being more specific on what complex circumstances entail. For example, a provision for doubtful debts may involve uncertainties and multiple variables and assumptions but would normally not be considered as complex. We also suggest clarifying what the professional accountant is expected to do as a response to mitigate the challenges that may arise from complex circumstances. The language in paragraph 120.14 A3(b) should be expanded to state that professional accountants are expected to demonstrate ethical behaviour in dealings with all parties with which they have a professional or business relationship. For example the proposed phrase 'business organisations and individuals' does not encompass government agencies.
3	Irish Auditing and Accounting Supervisory Authority	Paragraph 120.13 addresses complex circumstances. While it is useful to provide guidance to professional accountants on this topic, the language on both what complex circumstances entail and potential responses are vague. We suggest being more specific on what complex circumstances entail. For example, a provision for doubtful debts may involve uncertainties and multiple variables and assumptions but would normally not be considered as complex. We also suggest clarifying what the professional accountant is expected to do as a response to mitigate the challenges that may arise from complex circumstances.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
		The language in paragraph 120.14 A3(b) should be expanded to state that professional accountants are expected to demonstrate ethical behaviour in dealings with all parties with which they have a professional or business relationship. For example the proposed phrase 'business organisations and individuals' does not encompass government agencies.
4	Independent Regulatory Board for Auditors	We support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3. While we accept the point made in paragraph 24 of the explanatory memorandum – that much complexity arises from situations that are not technology-specific – we suggest that the complexity often presented by technology is worth identifying explicitly. Perhaps, examples of complex matters can be included in the application material, which will then allow for instances such as those noted in paragraph 23 of the explanatory memorandum to be included. Complexity is discussed only in section 120.13 of the Code. We are concerned that this new term is not applied in other sections of the Code, and suggest that references to, or considerations of, complexity be added in paragraph 300.6 A2. To some degree, the perception of complexity is relative to the PA's experience and level of competence. Despite the guidance provided in paragraph 120.13 A2, it appears that complexity may, to some degree, always exist because it is a relative term. In the Working Group's Phase 1 final report, which was issued in February 2020, complexities of the professional environment were clearly outlined with context. We therefore suggest that the first sentence under complexities of professional environments − "Professional Accountants today find themselves working in a complex operational, legal and regulatory environment, brought on by, amongst other factors, the impact of new technologies" − be included as a preamble to section 120.13 A1.
5	International Forum of Independent Audit Regulators	IFIAR is supportive of the additional material in paragraphs 120.13.A1 to A3 and agrees that this is the most sensible place within the Code to discuss this concept, as opposed to introducing an additional fundamental principle of "Complexity" as was suggested in some previous IESBA publications. Paragraph 120.13.A3 suggests that the professional accountant might *"use technology to analyse relevant data to better inform the accountants judgement".* Whilst this is reasonable, the proposed wording could be seen to conflict with the material included within the Code on automation bias. We suggest that the IESBA considers updating this paragraph to make clear that whilst technology can be used to better inform judgement, for example in risk assessment procedures, automation bias will still be a relevant factor to be considered.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
6	International Organization of Securities Commissions	We believe that the Board should consider revising 120.13 A2 as follows as there may be complex circumstances only arising from the considerations in either 120.13 A2 (a) or 120.13 A2 (b) (bolded, underlined italics are ours): (a) Elements that are uncertain; and***lor*** In addition, we believe that the Board should consider, as part of this application guidance, clarifying that circumstances may not rise to the level of "complex" even if they involve both elements that are uncertain, and multiple variables and assumptions. For example, a circumstance may involve uncertainties and multiple variables and assumptions that are not deemed to be significant to the overall circumstance itself that the professional accountant is carrying out.
7	National Association of State Boards of Accountancy	NASBA supports the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3.
8	UK FRC	· The FRC is broadly supportive of the intent behind the additional material in paragraphs 120.13.A1 to A3 and we are pleased to note that Complexity has not been introduced as an additional fundamental principle as was suggested as a possible approach in the IESBA Technology Surveys[1]. · The majority of the material included in paragraphs 120.13.A1 to A3 does not however relate to the use of technology by the professional accountant, with only one bullet within 120.13.A3 specifically addressing technology related concerns. Accordingly, this is a proposed revision that goes beyond addressing technology related issues and as such the rationale for including this material should be explained more clearly in due course in the basis for conclusions. · There are many circumstances which might make an engagement more complex, and the most relevant fundamental ethical principle is professional competence and due care. The professional accountant is required to ensure[2] that they have the requisite skills and experience required to undertake an engagement before they accept it. The proposed new material does not explicitly link to professional competence and due care, which is important to ensuring complex circumstances are properly addressed by the professional accountant. · Finally, IAASB's revision of ISA 315 includes "complexity" as one of the "inherent risk factors" relating to the preparation of information require by the applicable financial reporting framework. It would be helpful if there was an explanation as to why the proposed Code revisions do not describe it in the same way and instead provides what is a more prescriptive

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
		approach to defining complexity which could be problematic by either including matters that are not in practice complex or excluding matters that are. We would support the IESBA aligning with the ISA 315 approach[3]. This would be more beneficial, easier to apply in practice and encourage a great degree of convergence between approaches in the Code and the ISAs.
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards Board (Australia)	APESB understands why IESBA has not made the application material on complex circumstances specific to technology to ensure the IESBA Code remains relevant and fit-for-purpose and not restrict the provisions to technology-specific situations. However, some stakeholders at APESB's Roundtable believed this material was theoretical and should be supplemented with practical examples of how technology creates complex circumstances and the related consequences when performing a professional activity. APESB is of the view that the examples in paragraph 23 of the Technology ED Explanatory Memorandum could form the basis for examples explaining how proposed paragraphs 120.13 A1 to A3 operate from a technological perspective. APESB recommends that the IESBA develop additional guidance or non-authoritative material after the standard is finalised on the operation of proposed paragraphs 120.13 A1 to A3, how technology creates complex circumstances and the related consequences when performing a professional activity. APESB recommends that the IESBA consider including another potential mitigating factor for the proposed paragraph 120.13 A3, which is documenting the uncertain elements, multiple variables, and assumptions and how they are interconnected or interdependent.
10	New Zealand Auditing and Assurance Standards Board	Yes, the proposed application material in paragraph 120.13 A3 includes helpful tips on managing challenges associated with complex circumstances. The NZAuASB supports the proposals and so did the majority of the New Zealand stakeholders we polled during our online webinar. However, we have heard several comments that the proposed guidance is too general in nature. There is a need for more examples and guidance. We recognise that this guidance would be quite specific, therefore we recommend that non-authoritative material covering specific examples and guidance would be very useful, to work in tandem with this addition.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
Professional Accountancy Organizations		
11	Association of Accounting Technicians	AAT generally supports the proposals but suggest that consideration is given to clarifying that 120.13 A2 is not an exhaustive list and rather states that Complex Circumstance 'may' involve some or all of those elements suggested.
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3. PAs are increasingly working in complex circumstances brought about by a range of factors, including the impact of new technologies. We welcome the inclusion of the consideration of 'complex circumstances' when applying the conceptual framework and agree with the IESBA's determination that the existence of complex circumstances should not be treated as a new category of threat. It is not clear however, how these considerations apply in the context of technology. There are mechanisms other than technology, available to the PA for analysing relevant data to better inform the accountant's judgement. We suggest the following phrasing of bullet point 2 in 120.13 A3 [new text underlined]. Using technology and other tools to analyze relevant data to better inform the accountant's judgement
13	Association of International Accountants	Yes. We welcome the application materials relating to complex circumstances proposed in paragraphs 120.13 A1 to A3 but have some concerns that the terminology around complex and its distinction from complicated may be unfamiliar to accountants if they are not familiar with the paper 'Complexity and the professional accountant: Practical guidance for ethical decision-making' which does provide a detailed explanation of the distinction between 'complicated' versus 'complex. The distinction between these two terms is important and the Code needs to properly reflect this.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	PEEC does not support adding the proposed application material relating to complex circumstances to the Code because the guidance is unclear and will result in inconsistent application. PEEC recommends addressing this topic in nonauthoritative materials so that examples or scenarios can be used to demonstrate how complexity can play a role when applying the conceptual framework.
15	ASSIREVI	N/A
16	Botswana Institute of Chartered Accountants	We support the proposed application material.
17	Compagnie Nationale des Commissaires aux Comptes	N/A
18	CPA Australia	Is IESBA saying that complexity arises due to the use of technology? While it may not be the intention of the IESBA, proposing to include wording on "Complex Circumstances" when introducing revisions relating to the impacts of technology may be interpreted by many as an acknowledgement by IESBA that

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
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		technology also means complexity. Of course, many would argue that the use of technology is, in fact, a means by which to reduce complexity, enhance efficiency and streamline processes Some members noted that the IESBA seems to be taking a quite negative view of the ethics and overall impacts of technology on the work of the professional accountant, rather than recognising the very positive impacts that technology has on the work of the profession. Therefore, the IESBA might consider whether the introduction of wording about complex circumstances should be done separately from revisions related to technology impacts, or alternatively that the title of the Exposure Draft be updated accordingly. This also applies to the inclusion of the reference to Environmental, Social and Governance issues (refer to comments in Attachment 2). What does "complex" mean? CPA Australia offers no views on the challenges associated with translating the term "complex" into other languages. However, we do note that numerous definitions of the term "complex" use wording such as "lacking simplicity" or being "difficult to understand". The proposed wording of paragraphs 120.12. A1 to 120.12. A3 does not seem to encapsulate these concepts by referencing only "uncertainty" and "multiple variable and assumptions." IESBA may want to consider whether the notion of difficulty (and simplicity) needs to be captured in these paragraphs. The wording of Paragraph 120.13 A2 Proposed paragraph 120.13 A2 states: Complex circumstances arise where the relevant facts and circumstances involve: (a) Elements that are uncertain; and (b) Multiple variables and assumptions, which may be interconnected or interdependent. Such facts and circumstances might also be rapidly changing CPA Australia has two main concerns with this proposed wording:

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
		The use of the term "facts and circumstances" to describe how.complex "circumstances" arise is not particularly useful for readers who may be struggling to determine what it is that const cutes "circumstances. Should different wording be considered, such as "activities and information"? Can a fact be uncertain"? Numerous definitions of the word "fact" typically refer to wording such as something being known to be true or proven. Arguably, to suggest that a fact has elements that are uncertain is illogical. The wording of Paragraph 120.13 A2 Proposed paragraph 120.13 A3 has potential shortcomings, as it proposes that a professional accountant reeds to manage an "evolving interaction" of facts and circumstances. It is not clear whether the interaction to which this paragraph refers is one that exist between the facts and the circumstances, or between the uncertain elements and the different variables and assumptions? Other

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
		Revisions unrelated to technology (1) As noted above, CPA Australia is concerned that the IESBA is proposing revisions to the Code which relate to a matter that did not form part of a consultation and are unrelated to the topic at hand. In the case of paragraph 24 of the Explanatory Memorandum, we note (*highlighting added*): *Focusing on ensuring that the Code remains relevant and fit-for-purpose, the IESBA determined not to restrict the proposed provisions relating to complex circumstances to technology-specific situations. In arriving at this determination, the IESBA was mindful of the plethora of non-technology examples pertaining to complex circumstances provided by survey respondents (e.g., rapidly changing laws and regulations with differing public interest angles from a jurisdictional versus global perspective).* Making ad hoc, unrelated revisions to the Code without having undertaken a considered consultation on the breadth of an important topic will potentially lead to inconsistencies within the Code and a reduction in stakeholders' confidence in the work of the IESBA.
19	Chartered Professional Accountants Canada Public Trust Committee	The PTC is supportive of the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	We agree with the definition of complex circumstances as well as with the actions proposed to address these circumstances, which will help the acting professional to perform in the face of challenges
21	Hong Kong Institute of Certified Public Accountants	We agree with proposed paragraphs 120.13 A1 and 120.13 A3 which draw PAs' attention to challenges to compliance with the fundamental principles in complex circumstances and how to mitigate those challenges. However, we have concerns on the description of "complex circumstances" in proposed paragraph 120.13 A2. As explained by the IESBA in paragraph 24 of the explanatory memorandum, complex circumstances have always existed and are not a new phenomenon specific to technology, hence proposed paragraphs 120.13 A1 to A3 are not restrictive to technology-specific situations. Determining whether a situation is "complex" requires significant judgement with reference to facts and circumstances concerned. Other characteristics, in addition to those described in proposed 120.13 A2, might include the number of personnel or jurisdictions involved in the matter; the PA's prior experience with similar circumstances; rapidly changing facts and circumstances, etc. It is difficult, if not impossible, to provide a catchall description of "complex circumstances" for the purposes of the Code. Accordingly, we are conscious that the proposed characteristics in 120.13 A2 might mislead PAs that they are inclusive of all complex circumstances. Should a description on "complex circumstances" be included in the Code, we propose the IESBA to re-consider the drafting to reflect that characteristics described are not inclusive; a PA should apply professional judgement to determine whether a circumstance is complex based on the specific facts.
22	Ibracon – Instituto de Auditoria Independente do Brasil	Yes. We believe that this explanation will complement the bias explanations to allow the PA in his/her assessment for complying with fundamental principles. We also understand that the Code should conclude the objective of this section to the PA in terms of comply with the fundamental principles in PA activities through some practical examples.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
23	Institute of Chartered Accountants in England and Wales	ICAEW is not convinced that it is necessary or particularly helpful to create a distinction between 'complex' and 'non-complex' circumstances. Such a distinction is by its very nature, relative and subjective; individuals may have different views about whether a situation is complex or not. There is a danger of creating unnecessary and artificial silos in respect of factors that need to be considered in different scenarios ('complex' or 'non- complex' situations); and thereby focussing on the circumstance, instead of the actions which is required of the Professional Accountant. ICAEW considers therefore that it might be more helpful to frame the issue in terms of risk, rather than complexity. As such, the underlying message could be simplified; 'assess the potential risk profile of the work to be undertaken; know your capabilities; and do not take on work that you do not understand.' This ties in with the need for Professional Accountants to able to understand- and be able to explain- the data behind automated decision making. ICAEW is concerned that the reference to 'demonstrating ethical behaviour' in new paragraph 120.14. A3(b) may be interpreted as a requirement to collate evidence for the audit file; and may well create a mini-cottage industry geared towards 'demonstrating' compliance. We understand that this was not the intention and consider that it might be preferable instead to require Professional Accountants to 'Act ethically when dealing with business organisations…'
24	The Institute of Chartered Accountants of India	The exposure draft should acknowledge that uncertainty can arise on account of regulatory expectation gap, that is primarily related to interpretation of a particular term.
25	The Institute of Chartered Accountants of Nigeria	Yes. We support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3.
26	The Institute of Chartered Accountants of Scotland	We note the paper 'Complexity and the professional accountant: Practical guidance for ethical decision-making' which provides a detailed explanation of the distinction between 'complicated' versus 'complex. However, as acknowledged by IESBA at paragraph 26 of the Explanatory Memorandum, we wonder if PAs reading the proposed new paragraphs for inclusion in the Code "cold", i.e. without knowledge of this background paper or IESBA's technology project, will understand that there is nuance in the terminology, and that there is significance in IESBA's use of the term 'complex' in the Code as opposed to 'complicated', because these terms can be used interchangeably in practice. The distinction between these two terms is important and the Code needs to properly reflect this.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
		In paragraph 23 of the Explanatory Memorandum, IESBA acknowledges that complex circumstances have always existed and are not a new phenomenon specific to technology, however paragraph 25 then states IESBA's intention in including proposed paragraphs 120.13 A1 to A3 is to highlight the particular considerations that give rise to 'complex' circumstances. If this is the case, in order to try to help users to understand the significance of the paragraphs, IESBA might wish to consider providing examples so that users can get a better understanding of the types of situations envisioned by these paragraphs: "Complex Circumstances 120.13 A1 The circumstances in which professional accountants carry out professional activities vary considerably. Some professional activities might involve complex circumstances that increase the challenges when identifying, evaluating and addressing threats to compliance with the fundamental principles. 120.13 A2 Complex circumstances arise where the relevant facts and circumstances involve: (a) Elements that are uncertain; and (b) Multiple variables and assumptions, which are interconnected or interdependent. Such facts and circumstances might also be rapidly changing. For example, complex circumstances could be brought on by, amongst other factors, the impact of new technologies, or rapidly changes laws and regulations with differing public interest angles. Tax planning for a multinational corporation or successfully merging the cultures of two organizations is complex."
27	Institute of Certified Public Accountants of Uganda	We support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3 especially because the material is not restricted to complex circumstances caused by technology- specific situations but can also address circumstances caused by rapidly changing laws and regulations.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
28	Instutute der Wirtschaftsprüfer (Germany)	120.13. A1 The circumstances in which professional accountants carry out professional activities vary considerably. Some professional activities might involve complex circumstances that increase the challenges when identifying, evaluating and addressing threats to compliance with the fundamental principles. IDW questions whether a definition of "complex circumstances" is necessary. What would be the added value of such a definition? We would assume the practitioner be able to identify complex circumstances without further definition. The definition might also risk creating a tic box mentality. We would therefore propose to delete the section regarding complex circumstances. 120.13 A3 Managing the evolving interaction of such facts and circumstances as they develop assists the professional accountant to mitigate the challenges arising from complex circumstances. This might include: […] · Monitoring any developments or changes in the facts and circumstances and assessing whether they might impact any judgments the accountant has made. IDW questions whether "monitoring" would imply new and additional documentation requirements. Additional documentation requirements might create more burden than providing benefit. If this section is kept at all, the term "monitoring" might need further clarification to prevent additional documentation requirements be created. 120.14 A3 […] (b) Demonstrate ethical behavior in dealings with business organizations and individuals with which the accountant, the firm or the employing organization has a professional or business relationship. IDW is wondering what is meant by the term "demonstrate". Does "demonstrate" imply new and additional documentation? Or does it mean ethical professional behavior in a way which is obvious to others?
29	ISCA	We acknowledge IESBA's views that complex circumstances have always existed and are not a new phenomenon specific to technology. Thus, the application material relating to complex circumstances should not be restricted to technology-specific situations. Whilst we agree that the existence of complex circumstances is a consideration in applying the conceptual framework, we are uncertain of the value of the proposed application material as Part 1 of the Code already requires the application of the fundamental principles and the conceptual framework to a wide range of facts and circumstances[4] (including complex circumstances) that PAIBs and PAPPs might encounter. Hence, we suggest that IESBA exclude the proposed application material relating to complex circumstances as such considerations of relevant facts and circumstances which might be rapidly changing, interconnected or interdependent,

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
		and managing the evolving interaction of such facts and circumstances, would already be expected of PAIBs and PAPPs in complying with the letter and spirit of the Code.
30	Japanese Institute of Certified Public Accountants	We support the proposed application material. We believe that the establishment of the new concept, and elements of "complex circumstances", as well as the inclusion of examples of actions to address them is useful as basic guidelines when faced with new technologies. However, we would suggest adding another point in 120.13 A3 as shown in the sentence underlined below: 120.13 A3 Managing the evolving interaction of such facts and circumstances as they develop assists the professional accountant to mitigate the challenges arising from complex circumstances. This might include: ● Consulting with others, including experts, to ensure appropriate challenge and additional input as part of the evaluation process. ● Hiring an accountant who has a broad range of relevant skills, knowledge and experience in both accounting and the technology. ● Using technology to analyze relevant data to better inform the accountant's judgment. ● Making the firm or employing organization and, if appropriate, relevant stakeholders aware of the inherent uncertainties or difficulties arising from the facts and circumstances. ● Monitoring any developments or changes in the facts and circumstances and assessing whether they might impact any judgments the accountant has made. In addition to consulting with experts, it is also recommendable for a firm to describe more specific measures such as encouraging firms to recruit and assigning appropriate personnel. Therefore, we propose adding "hiring professional accountants who have a broad range of relevant skills, knowledge and experience in both accounting and technology" as an additional approach that we believe would address complexity in the professional environment.
31	KICPA	We believe that the proposed application material is helpful in dealing with relevant situations as the use of sophisticated technology such as AI may cause complex circumstances and pose additional threat to compliance with the Code.
32	Malta Institute of Accountants	Yes, MIA supports this.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
33	Malaysian Institute of Accountants	We are of the view that the proposed application material in paragraphs 120.13 A1 to A3 are reasonable considerations that are usually evaluated by a professional accountant but note that the term "complex circumstances" is not actually defined. The distinction between the terms "complex", "difficult" and "complicated" is also unclear. This may result is inconsistent application in practice. We believe the aim of the proposed paragraphs are not met as the term "complex" is relative and open to interpretation depending on the individual's background, skills, and experience. Furthermore, we would also request to clarify if the addition of this material should change how a professional accountant would approach threats and safeguards. It is ultimately unclear on what is required of the professional accountant in respect of these "complex circumstances" and would give rise to confusion on the necessity of the application material if there is no additional documentation required or guidance on how a professional accountant should approach these "complex circumstances". We would suggest that if the IESBA moves forward with the inclusion of these proposed paragraphs, a clear definition on "complex circumstances" should be introduced. It should also include identifying elements, variables and assumptions that make a circumstance complex. This would aid in the consistent application and make the mitigating factors listed in paragraph 120.13 A3 more practical in its application.
34	NBA	N/A
35	South African Institute of Chartered Accountants	The profession supports the proposed paragraphs 120.13 A1 to A3, however we strongly recommend that more guidance should be provided to assists the professional accountant to mitigate the challenges arising from complex circumstances. It is further recommended that examples of potential complex circumstances are included.
36	Society of Certified Accountants and Auditors of Kosovo	We generally support the proposed application material. We are concerned, however, that the new material may introduce additional documentation requirements.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
37	Thailand Federation of Accounting Professions	Yes, we support.
Firms		
38	BDO International Limited	BDO acknowledges and supports IESBA's intention to provide more guidance to PAs on the navigation of complex circumstances and we agree that this is not a new phenomenon specific to technology, as indicated in paragraph 23 of the explanatory memorandum. However, BDO's view is that the proposed guidance provided on complex circumstances in proposed paragraph 120.13 A1 – A3 states the obvious, is not useful and will have little to no impact on the PA's approach to these circumstances. Furthermore, "complex circumstances" is not defined. The distinction between "complex", "difficult" and "complicated" is also not clear. This may result in inconsistent application in practice. "Complex" is a relative term and the interpretation of circumstances being complex will vary depending on the individual PA's background, skills, and training as well as experience. Whilst BDO does not object to this inclusion, we do not consider these proposed paragraphs to add value nor provide useful guidance in the management of said "complex" circumstances. In terms of practical application, proposed paragraphs 120.13 A1-A3 create difficult reading in that it is not clear what the IESBA Code requires from PAs. While BDO supports the inclusion of examples in the IESBA Code to aid in the management of complex circumstances, BDO does not believe that the current proposed application material is practical enough to guide a PA in managing these circumstances nor to facilitate consistent application thereof and therefore does not view the inclusion of this paragraph as valuable. BDO suggests that "complex circumstances" be clearly defined in the IESBA Code, including outlining elements, variables and assumptions that make a circumstance complex. This clarity will aid in consistent application and make the mitigating factors listed in proposed paragraph 120.13 A3 more practical to apply.

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
		Furthermore, BDO recommends that the IESBA compliment the proposed revisions with Staff Guidance that clearly shows the link between technology and complex circumstances, including illustrative examples to demonstrate what is expected of the PA in these circumstances.
39	Deloitte Touch Tohmatsu Limited	Deloitte Global recognizes that the environment in which a professional accountant practices is increasingly complex. However, we question whether dealing with complexity is an ethical matter or whether the material could be addressed in thought material outside the Code along with examples and case studies. The concept does not align with the fundamental principles framework of the Code and it is unclear how, having determined that a complex circumstance exists, the professional accountant is expected to practically "manage the evolving interaction of facts and circumstances as they develop" – nor evidence that they have done so. It is also unclear how this guidance interacts with the requirement in paragraph R120.9 "Consideration of New Information or Changes in Facts and Circumstances" and guidance in paragraphs 120.13 A1 to A3. Deloitte Global also provides the following specific comments for the Board's consideration: · Deloitte Global suggests replacing "monitoring" with "being alert to" in the last bullet point of paragraph 120.13 A3. The term "monitoring" is used in a different context in the remainder of the Code. · Extant paragraph 200.5 A3 states that the professional accountant is expected to encourage and promote an ethics-based culture in the organization in accordance with paragraph 120.13 A3 (proposed paragraph 120.14 A3). It is unclear what would be expected by the proposed second prong (b) in order to "demonstrate" ethical behavior. We recommend clarifying expectations or deleting this prong entirely especially considering a professional accountant is already required to comply with the Code which is the strongest demonstration of ethical behavior. · We believe complex circumstances may arise when either paragraph 120.13 A2 (a) or (b) is present, not just both. We suggest changing "and" to "or".
40	Ernst & Young Global Limited	We do not believe the proposed application material relating to complex circumstances is necessary. During the September 2020 IESBA board meeting, the Technology Task Force discussed the distinction between the concepts of "complicated" and "complex", noting that complicated circumstances are typical in the professional activity of a PA and can generally be overcome by obtaining the necessary technical competencies as required by the Code, while complex circumstances are more challenging to address. We believe that the Code's conceptual framework sufficiently addresses

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
		both complicated and complex matters, specific through compliance with the fundamental principle of professional competence and due care. Complying with the fundamental principle of professional competence and due care does not require a distinction between complicated and complex matters, since in the case of both the PA is required to attain and maintain the professional knowledge and skills that are necessary to provide competent professional service.
41	GTIL	GTIL does not support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3. The considerations discussed in paragraphs 120.13 A1 to A3 related to complex circumstances have been evident in the extant conceptual framework, and we do not see any added benefits with the addition of these paragraphs. As advancements in technology continue to develop, auditors and professional accountants will need to apply the considerations and criteria in the extant conceptual framework and use their professional judgment in the evaluation of the services to determine if they create any threats to independence.
42	KPMG	We do not support the addition of the proposed application material on Complex Circumstances as we do not believe the material is sufficiently clear or helpful for practical application. While it could be concluded that the addition of this application material is not particularly harmful, we do not believe that this should be a basis or threshold for inclusion. As the concept of complexity is not new to professional accountants, we would instead suggest the Board work to incorporate the notion of complexity as a factor to consider when evaluating threats to compliance with the fundamental principles. As we commented in the 2020 technology survey, we believe that the impact on the evaluation of a threat should not be limited to circumstances or situations that are complex, but rather on a continuum of difficulty. For example, even though a situation may be complicated instead of complex, that complicated situation likely would result in a threat that is more substantial than a simple situation if all other facts and circumstances were similar.
43	MNP LLP Canada	N/A
44	PricewaterhouseCoopers International Limited	Overall, we find the wording of 120.13 A2 difficult to understand and we are not sure what the reader will take from it. While we understand and appreciate the intent to better differentiate application of the Conceptual Framework in complex circumstances, we are not convinced that such complexity is sufficiently independent of the other characteristics already included in the Framework. We suggest that the Board instead consider embedding some or all of the recommended

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
		actions for managing the evolving interaction of facts and circumstances (paragraph 120.13 A3) into recommended actions for managing other circumstances already included in the application guidance to the Framework. 120.13 A3: In the first bullet, it is not clear what is meant by "appropriate challenge" by consultees. If the intent is to indicate that those consulted may challenge the professional accountant's conclusions, we recommend that this is clarified.
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	No. The material focuses on areas which may be considered complex but is unclear on how to respond to them again principles are ok for the standard but guidance and practical resolution is necessary to ensure that execution matches the intent of the standard setters, rather than being deficient or excessive through interpretation.
46	RSM International Limited	Yes, we support this; the use of technology and interpretation of its outputs can be complex, and the proposed application guidance will be helpful to Public Accountants. However, we think providing an example of how technology could be used to analyse relevant data to better inform the accountant's judgment would be helpful. Perhaps, by adding, "for example, to test the sensitivity of the variables and assumption inherent in the estimation process" to the end of that bullet.
Others		
47	IFAC Small and Medium Practices Advisory Group	The SMPAG questioned whether the proposed additional material in 120.13 A1 to A3 was necessary as this information would likely not change how PAs navigate the threats and safeguards approach. We are concerned that adding this additional material may introduce additional documentation requirements. We are also unsure about the definition of complex circumstances as it relies heavily on judgment. Perhaps the Board could provide additional examples or further refine the definition. We were also curious whether 120.13 A3 is more of a conditional requirement rather than application guidance.
48	Dr. Asha Sharma	N/A

Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?		
#	**Respondent**	**Extract of Comment**
49	Alvaro Fonseca Vivas	N/A
50	MindBridge	No, these paragraphs are confusing and appear to be concepts that are usually included in practice aides. The inclusion here makes it appear that it is an additional requirement when in fact it is providing no additional requirements, instructions, or application guidance on how to navigate the Code. This appears to be a definition of what is a complex circumstance and then does not have any impact in any other place in the code.

QUESTION 4

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		
1	Botswana Accountancy Oversight Authority	We are not aware of any.
2	Committee of European Audit Oversight Bodies	The language in paragraph 120.14 A3(b) should be expanded to state that professional accountants are expected to demonstrate ethical behaviour in dealings with all parties with which they have a professional or business relationship. For example the proposed phrase 'business organisations and individuals' does not encompass government agencies.

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
3	Irish Auditing and Accounting Supervisory Authority	The language in paragraph 120.14 A3(b) should be expanded to state that professional accountants are expected to demonstrate ethical behaviour in dealings with all parties with which they have a professional or business relationship. For example, the proposed phrase 'business organisations and individuals' does not encompass government agencies.
4	Independent Regulatory Board for Auditors	We are not aware of any other considerations, including jurisdiction-specific translation considerations, that may impact the proposed revisions.
5	International Forum of Independent Audit Regulators	N/A
6	International Organization of Securities Commissions	N/A
7	National Association of State Boards of Accountancy	NASBA is not aware of any considerations, including jurisdiction-specific translation considerations, that may impact the proposed revisions.
8	UK FRC	We are not aware of any additional considerations, including any jurisdiction specific translation considerations.

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards Board (Australia)	N/A
10	New Zealand Auditing and Assurance Standards Board	No, the NZAuASB has no comments to add on translation.
Professional Accountancy Organizations		
11	Association of Accounting Technicians	AAT is not aware of any other such considerations.

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We are not aware of any other considerations that may impact the proposed revisions. However, we believe there is the potential for jurisdiction-specific translation issues in relation to the term 'complex'. In our opinion, the term 'complex' is relevant to circumstances that are both closely linked and complicated. The terms 'complex' and 'complicated' are distinct terms and should not be regarded as interchangeable for the purposes of translating the Code.
13	Association of International Accountants	We are concerned that the key difference between complex and complicated as discussed in the Complexity and the professional accountant – Practical Guidance for ethical decision making referred to above may not be sufficiently clear as the two terms are used interchangeably in common English and therefore a key aspect of the code may fail to be appreciated by users of the Code.
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	PEEC is not aware of other considerations that may impact the proposed revisions.
15	ASSIREVI	N/A

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
16	Botswana Institute of Chartered Accountants	We are not aware of any considerations to be taken into account. Botswana in particular does not have any literature defining “complex” or “complicated”.
17	Compagnie Nationale des Commissaires aux Comptes	N/A
18	CPA Australia	Refer to response to Question 1 above. CPA Australia is not aware of specific translation considerations.
19	Chartered Professional Accountants Canada Public Trust Committee	The PTC is not aware of other considerations, including jurisdiction-specific translation considerations, that may impact the proposed revisions.

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	In Argentina the term has the same meaning.
21	Hong Kong Institute of Certified Public Accountants	We do not have any comments to this question.
22	Ibracon – Instituto de Auditoria Independente do Brasil	We are not aware of any other considerations.
23	Institute of Chartered Accountants in England and Wales	ICAEW is not aware of any other considerations.
24	The Institute of Chartered Accountants of India	There is no jurisdiction-specific translation consideration, that may impact the proposed revisions for us i.e. Institute of Chartered Accountants of India.

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
25	The Institute of Chartered Accountants of Nigeria	Considering knowledge gained and the experience acquired in handling prior similar case(s).
26	The Institute of Chartered Accountants of Scotland	As noted above, we are aware that the terms 'complex' and 'complicated' can be used interchangeably in practice in the English language and therefore the significance of use of the term 'complex' by IESBA (without reference to other material) could be lost on users of the Code. We disagree with IESBA that there is no downside to the inclusion of these paragraphs as IESBA's intention is that these paragraphs would highlight to users that the approach to dealing with a 'complex' versus a 'complicated' issue is different and, as currently drafted, we do not believe this is clear. We are supportive of content being included in the Code on "complexity" but additional clarity is required to better communicate to users IESBA's intentions in this regard.
27	Institute of Certified Public Accountants of Uganda	We are not aware of any other considerations, including jurisdiction- specific translation considerations that may impact the proposed revisions.
28	Instutute der Wirtschaftsprüfer (Germany)	N/A
29	ISCA	N/A

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
30	Japanese Institute of Certified Public Accountants	No, we are not aware of any other considerations. In Japanese, we can distinguish the two words “complex” and “complicated” in paragraph 25 of the explanatory memorandum and thus no particular modification is necessary.
31	KICPA	Professional accountants in non-English speaking countries may find it difficult to clearly distinguish the meaning of complex from those of complicated or other similar terms. As the Code alone may not be sufficient to ensure accurate understanding and application of the terms, we hope that explanatory material, education, outreach activities, among others, are provided to help address the challenges in interpretation after the pronouncement of the revised Code. However, we do agree that no significant issue will arise even if some PAs turn to the new application material on complex circumstances when ‘unclear’, ‘difficult’, ‘complicated’ circumstances are encountered due to difficulty in clearly distinguishing such terms, as described in the Exposure Draft.
32	Malta Institute of Accountants	NO
33	Malaysian Institute of Accountants	Apart from the matters detailed in Q3 above, we are not aware of any other considerations that may impact the proposed revisions.
34	NBA	N/A
35	South African Institute of Chartered Accountants	No, we are not aware of any other considerations that may impact the proposed revisions.

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
36	Society of Certified Accountants and Auditors of Kosovo	We are not aware of any other considerations that may impact the proposed revisions.
37	Thailand Federation of Accounting Professions	No, we are not aware of. We also support translation based on definition of "complex" which is more relevant.
Firms		
38	BDO International Limited	The translation of "complex" raises concerns. As outlined in paragraph 13 above, the difference between "complex", "difficult" and "complicated" is not clear and these terms could be used interchangeably in various languages. A clear definition of complex circumstances will assist in addressing this challenge.
39	Deloitte Touch Tohmatsu Limited	Deloitte Global has no comments to make in addition to the considerations already raised in the ED about translation considerations.
40	Ernst & Young Global Limited	We agree with the IESBA's comment in paragraph 26 of the Explanatory Memorandum (EM) that the terms "complicated" and "complex" are often used interchangeably, and therefore we believe that a user of the Code may not understand the distinction that drove the initiative to include revisions highlighting the need to specifically consider complex circumstances. If the proposed paragraphs 120.13 A1 to A3 are ultimately included in the Code, the Board should consider including a statement in proposed paragraph 120.13 A2 that matters that do not involve all of the listed facts and circumstance, and therefore do not rise to the level of being complex, can generally be addressed by applying other relevant requirements and application material of Section 120. Otherwise, there might be a risk of diluting the significance of the need to specifically consider complex circumstances if a user of the Code perceives no distinction.

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
41	GTIL	Not applicable
42	KPMG	We anticipate that effectively translating the proposed application material on complex circumstances, as it is currently presented, and attempting to clearly articulate the difference between complicated and complex, as an example, would pose challenges. This was specific feedback from jurisdictions in both Europe and Asia Pacific.
43	MNP LLP Canada	N/A
44	PricewaterhouseCoopers International Limited	No, we are not aware of such considerations.
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	No.
46	RSM International Limited	We are not aware of any other considerations.
Others		

Question 4: Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?		
#	**Respondent**	**Extract of Comment**
47	IFAC Small and Medium Practices Advisory Group	Translations are always a key consideration, especially in jurisdictions where the Professional Accountancy Organizations are resource constrained. Some members noted that use of the terms complicated versus complex might be challenging when translating to certain languages, but the SMPAG could not identify any specific issues with translations that would be unique to this ED.
48	Dr. Asha Sharma	N/A
49	Alvaro Fonseca Vivas	N/A
50	MindBridge	No response.

QUESTION 5

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		
1	Botswana Accountancy Oversight Authority	We support the amendments. Since the approach to the amendment is principles based, the wording supports and places the burden on the PA to exercise professional judgement in situations which are unclear. This is appropriate as accountants will be exposed to rapid developments in technology, which arise faster than the Board's ability to keep amending the provisions of the Code.

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
		We also support the revisions of paragraph R113.3 as this would enable the client to make informed decisions on whether to continue utilising the services of the PA or not.
2	Committee of European Audit Oversight Bodies	The wording in paragraph 113.1 A2 seems to suggest that a high level understanding of technology-related developments by the professional accountant would be sufficient. We suggest clarifying that the required level of skills in technology-related developments is highly dependent on the types of services the professional accountant is providing.
3	Irish Auditing and Accounting Supervisory Authority	The wording in paragraph 113.1 A2 seems to suggest that a high level understanding of technology-related developments by the professional accountant is sufficient. We suggest clarifying that the required level of skills in technology-related developments is dependent on the types of services provided by the professional accountant.
4	Independent Regulatory Board for Auditors	We note that it is unclear whether these proposed revisions are related only to technology. Furthermore, we do have other concerns relating to these revisions. One concern is that, without further context in the Code, the phrase "interpersonal, communication and organisational skills" is likely to be interpreted in various ways by different PAs, leading to an inconsistent application in practice. Another concern is that one plausible interpretation of requiring interpersonal and communication skills is that a PA needs to have an extrovert personality type. We doubt that this is the intention for these revisions, and we encourage a reconsideration of this. We read the recommendations from the Working Group's Phase 1 final report for further context. We then recommend that the Working Group considers preparing non-authoritative guidance on the subject of professional competence and due care, highlighting the relevant considerations and examples pertaining to technology, to provide helpful context to stakeholders.
5	International Forum of Independent	IFIAR supports the proposed material in relation to professional competence and due care, although the proposed additions in paragraph 113.1.A1 could be improved in order to make them less generic. Additionally, we note that much of this material is not technology specific.

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
	Audit Regulators	IFIAR would support additional guidance and examples on the meaning and practical application of the proposed additions to paragraph 113.1 A1 that relate to "interpersonal, communication and organisation skills". Although these concepts are generally well understood colloquially, they are likely to be interpretated differently by different professional accountants leading to inconsistent application in practice.
6	International Organization of Securities Commissions	We believe that the language in this paragraph may be interpreted to suggest that only a 'high-level' understanding of relevant technical, professional, business, and technology-related developments is needed in order to maintain professional competence. While we believe this is not the intent of the Board, it would be useful for this paragraph to clarify that the level of understanding required of the professional accountant should be commensurate with the nature of their roles and responsibilities.
7	National Association of State Boards of Accountancy	NASBA supports the proposed revisions to explain the skills that PAs need and to enhance transparency in the proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3.
8	UK FRC	· The FRC does not have a strong view over the inclusion of the additional material in paragraph 113.1.A1, though the general drafting can be improved by making it less generic and note that this material does not relate specifically to a professional accountants use of technology or the concept or complexity. We are supportive of the addition to paragraph R113.3. · As discussed above, the Code should be revised to include material that recognises that when considering the use of technology, the professional accountant should consider the need for the use of an expert in the tool being deployed in order to facilitate effective deployment of the technological resources. This is discussed in more detail in our responses to questions 1 and 2 above.
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards	APESB supports revising the IESBA Code to explain the skills needed by professional accountants in the digital age. However, we do not believe the proposed revisions to paragraph 113.1 A1 to include "soft" skills sufficiently address the issue. Some stakeholders at APESB's Roundtable believed more clarity is required on what is considered 'the bar' of professional competency and due care in relation to technology. While stakeholders presumed that not all accountants

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
	Board (Australia)	need to be technology experts, there was a lack of clarity on whether accountants can "delegate" to others within a firm/organisation with the required expertise. Also, refer to the discussion and recommendation in Question 2 above. APESB supports the proposed revision to paragraph R113.3 to require professional accountants to provide sufficient information to stakeholders to understand the implications of limitations to services or activities.
10	New Zealand Auditing and Assurance Standards Board	Yes, the NZAuASB supports the proposals and does not have further comments.
Professional Accountancy Organizations		
11	Association of Accounting Technicians	AAT strongly supports the concept that a modern professional requires a number of 'soft skills'. In addition, digital skills for PAs are increasingly critical, as the focus on technology in these proposals show, and should be included in qualifications (whether core or as elective modules) and heavily promoted through CPD / lifelong learning. On that basis we support the proposed wording in 113.1 A1. However, in relation to R113.3 there is a question as to what may sit outside of the 'limitations' referred to, and the definition of 'sufficient information'. This appears to change the requirements from informing the client of what is 'within scope', to also having to itemise everything that is 'without scope' of the professional agreement. This may be a dangerous precedent.

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We support the proposed revisions to paragraph 113.1 A1 and R113.3 which include soft skills required by the PA when exhibiting professional competencies. Interpersonal, communication and organisational skills are vital in undertaking all professional activities and these soft skills are critical for the PA. We note, however, that soft skills such as interpersonal, communication and organisational skills are skills not uniquely attributable to the 'digital age'. The IESBA may wish to consider skills which are required for future-ready PAs in the digital age such as innovative thought leadership, adaptability, initiative, responsiveness, change management, managing technological disruption and rapidly evolving work practices.
13	Association of International Accountants	Within R113 the code states that professional competence requires a continuing awareness and understanding of technology related developments. Within the context of a rapidly changing technology and the increasing complexity of this, especially around the capacity of machine learning and AI, this is potentially a very difficult standard for professional accountants to maintain. The inclusion of such a statement is welcomed and recognised as critical as the technology affecting and supporting the work of a professional accountant develops but further consideration is required of how to enable this to be achieved. Therefore 113.3 is particularly welcomed as it will help to place a clearer boundary on the area of accounting competence. Explicitly requiring accountants to understand the limit of their professional competence in this arena is a key component in maintaining confidence in our work.
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	PEEC supports the proposed revisions to paragraph R113.3. PEEC does not support the proposed revisions to paragraph 113.1 A1. PEEC disagrees that the non-technical professional skills listed in paragraph 113.1 A1 (b) should be *required* for professional competence because professional accountants have varying levels of soft skills and abilities[1]. PEEC believes application paragraphs should not contain requirements and recommends the following revisions to paragraph 113.1 A1 (deleted text in strikethrough and additions in bold italic): Serving clients and employing organizations with professional competence ~~requires: ~~***involves*** ~~(a)~~ the exercise of sound judgment in applying professional knowledge and skills**.**~~; and (b) The application of interpersonal, communication and organizational skills~~

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
15	ASSIREVI	N/A
16	Botswana Institute of Chartered Accountants	We support the proposed revisions.
17	Compagnie Nationale des Commissaires aux Comptes	N/A
18	CPA Australia	CPA Australia does not support the proposed revision to explain the skills that professional accountants need in the digital age. The proposed changes to paragraph 113.A1 seems to be at odds with the definitions of professional skills and professional knowledge included in International Education Standard (IES)3, *Professional Skills*. That is, in IES 3 professional skills are defined as: Intellectual, interpersonal and communication, personal, and organizational skills that a professional accountant integrates with technical competence and professional values, ethics, and attitudes to demonstrate professional competence. Professional knowledge is defined as: Those topics that make up the subject of accountancy as well as other business disciplines that, together, constitute the essential body of knowledge for professional accountants. However, if the IESBA believes that it is important to specifically mention interpersonal, communication and organizational skills, it might do so in a way that makes it clear that these skills are a part of professional skills which are noted in paragraph 113.1 A1 (a) and are not an addition to them.

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
19	Chartered Professional Accountants Canada Public Trust Committee	Overall, the PTC is supportive of the proposed revisions to paragraphs 113.1 A1 and R113.3 but recommend that proposed paragraph 113.1 A1 more clearly refer to information and communication technology soft skills to help it align with the recently revised International Education Standards. Furthermore, as currently worded, the proposed paragraph creates an unintended disconnect between paragraph 113.1 A2 in the extant Code which more clearly addresses technology-specific professional competencies. In relation to proposed paragraph R113.3, the PTC recommends adding guidance or examples to better clarify what is meant by the term "sufficient information". This will help PAs understand what IESBA is expecting of them and how they can fulfill their responsibilities to the client, the employing organization, or other users of the accountant's professional services or activities. For example, guidance or examples can help PAs understand and implement the Rule, by encouraging documentation of any limitations inherent in services or activities provided by the PA, and sufficient information to understand the implications.
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	We consider that the aggregate in 113.1. A1 is appropriate, however, to note that it is not a consequence of the impact of technology, that is, they existed before IT was considered.
21	Hong Kong Institute of Certified Public Accountants	We agree that PAs should act professionally under all circumstances and not to discredit the profession. This includes, among others, demonstrating the soft skills discussed in proposed paragraph 113.1 A1 (b) as and when necessary. In the extant Code, the expectation for PAs to equip with such skills is implicated in the fundamental principle of *professional competence and due care*, which requires PAs to: (a) Attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organization receives competent professional service, based on current technical and professional standards and relevant legislation; and (b) Act diligently and in accordance with applicable technical and professional standards. In relation to proposed paragraph 113.1 A1 (b), we note that significant judgement is required on what constitutes "interpersonal, communication and organizational skills"; whether a PA is equipped with and has applied such skills appropriately. Meanwhile, the extent and nature of "soft skills" that each PA should process would be different subject to, for example, their roles (PAIBs or PAPPs) and capacity (junior PAs or senior PAs). Incorporating specific soft skills in the Code without providing relevant definition and concrete examples would result in inconsistency in interpretation and

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
		practice among PAs, regulators and stakeholders. It would also create uncertainty on what the Code expects PAs to be. Accordingly, we recommend the IESBA to re-assess the drafting to avoid the pitfalls described above.
22	Ibracon – Instituto de Auditoria Independente do Brasil	We have no further comments.
23	Institute of Chartered Accountants in England and Wales	We noted that proposed paragraph 113.1.A1 is phrased in a general way as to the skills required including 'communication and organisational skills'. Such skills relate to the service team as a whole and not to individual members of the team. The Ethical Code however relates to individual Professional Accountants. As such ICAEW has reservations that it could be read as implying that there is an ethical requirement on all individual Professional Accountants to have 'good communication skills'. This may inadvertently create barriers to entry for individuals into the profession and may adversely impact the range of skill sets available to audit teams. ICAEW considers that Professional Accountants should have the communication skills that are appropriate to the tasks that they are actually performing, and that there should be effective two-way communication between the team (as a whole) and the client.
24	The Institute of Chartered Accountants of India	We feel that the proposed bullet "the application of interpersonal, communication and organizational skills" should be more elaborately explained so as to make it clear as to how it is likely to change the current practice. In our view, making stakeholder "aware of the limitations inherent in the services or activities" may not serve as a safeguard. We also feel that it cannot provide that any other firm would not have such limitation.
25	The Institute of Chartered Accountants of Nigeria	We support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3.

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
26	The Institute of Chartered Accountants of Scotland	Yes – we support the proposed changes to paragraphs 113.1 A1 and R113.3.
27	Institute of Certified Public Accountants of Uganda	We support the proposed revisions to explain the skills that professional accountants need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3 respectively.
28	Instutute der Wirtschaftsprüfer (Germany)	*113.1 A1 […] (b) The application of interpersonal, communication and organizational skills.* IDW questions whether specific interpersonal, communication and organizational skills are a specific item that should be dealt with in the Exposure Draft. For example, would an auditor need to have communication skills in order to behave ethically in relation to technology? We would consider this item to be of general interest, but not related specifically to the topic and therefore propose to delete it. *R113.3 […] and provide them with sufficient information to understand the implications of those limitations.* IDW questions whether the auditor is at all able to provide sufficient information. In addition, it is questionable who is in the position to judge what is sufficient. Instead of "provide them with sufficient information to understand …" the Code could require to "explain the implication of those limitations".
29	ISCA	N/A

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
30	Japanese Institute of Certified Public Accountants	We support the proposed revisions.
31	KICPA	We support the proposed revisions. We only hope that the revised Code provides additional explanation as to how relevant the additional skills set forth in paragraph 113.1 A1 are to the skills that PAs need in digital age.
32	Malta Institute of Accountants	YES
33	Malaysian Institute of Accountants	In our opinion, it is not apparent that the proposed revision to paragraph 113.1 A1 adds value to the Code. The Institute considered if such skills set out here were necessary in considering if a professional accountant is technically competent. We believe that ultimately it is difficult to gauge the degree of competency in these skills as it is mostly a matter of personal opinion. Alternatively, we would suggest that the IESBA make reference to the 3 categories outlined in the International Education Standards (IES), which are (a) technical competence, (b) professional skills, and (c) professional values, ethics and attitudes. Implementation guidance could then be developed to make it clear that the proposed revisions in paragraph 113.1 A1 aim to highlight the professional competencies needed to interpret and apply the results of tasks completed using technology and that these proposed revisions largely build on the role and mindset revisions earlier.
34	NBA	N/A
35	South African Institute of Chartered Accountants	The profession supports the proposed paragraph 113.1 A1 and R113.3, however we do recommend including the format of the communication by the public accountant which should be in writing. Providing information on technology to employing organisations may be difficult for organisations to understand and written communication assists with information being more precise and explicit and provides for records and references for use by the employing organization in the future.

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
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36	Society of Certified Accountants and Auditors of Kosovo	We generally support the proposed revisions. While we welcome the addition of interpersonal, communication and organizational skills we note that such skills have always been essential, and going forward may prove even more important, but they are not necessarily technology related. Furthermore, it ought to be recognized that PAs are not expected to be equally proficient in both sets of skills.
37	Thailand Federation of Accounting Professions	Yes, we support both.
Firms		
38	BDO International Limited	BDO agrees that technology gives rise to potential threats to the fundamental principles and supports the need to explain the skills that PAs need in the digital age, as well as the need to enhance transparency. For a PA to demonstrate professional competence as required by section 113 of the IESBA Code, the PA is required to be competent in all skills contained in the International Educational Standards (IES). BDO questions why the IESBA Code would then only highlight three of these skills, namely interpersonal, communication and organisational skills in 113 A1 (b). BDO recommends that is it more appropriate for the IESBA Code to contain a general reference to the three broad categories outlined by the IES, being the standards that prescribes the competency framework for PA, namely: a. Technical Competence b. Professional Skills c. Professional Values, Ethics and Attitudes. BDO encourages the IESBA to develop implementation guidance to make it clear that the proposed revisions contained in paragraph 113.A1 aim to highlight the professional competencies needed to interpret and apply the results of tasks completed using technology and that these proposed revisions build on the role and mindset revisions.

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
39	Deloitte Touch Tohmatsu Limited	Deloitte Global questions the relevance of interpersonal and communication skills to the topic of technology. Notwithstanding this view, the proposed change to paragraph 113.1A1 does not recognize that different roles might require various levels of interpersonal skills. Instead, it implies without these skills an individual would not have the professional competency to be a professional accountant even when the role would not demand it. We also suggest for the Board to consider whether the proposed change could be perceived to lack neurodiversity inclusiveness.
40	Ernst & Young Global Limited	Yes, we support the proposed revisions in proposed paragraphs 113.1 A1 and R113.3.
41	GTIL	GTIL supports revising the IESBA Code to explain the skills needed by professional accountants in the digital age and enhance transparency in proposed paragraph 113. A1 and the proposed revisions to paragraph R113.3.
42	KPMG	We would recommend removing the proposed addition of bullet (b) to paragraph 113.1 A1, given 1) the generic wording, which we do not view as adding value to the Code, and 2) the lack of an apparent linkage or relevance to the technology project.
43	MNP LLP Canada	N/A
44	PricewaterhouseCoopers International Limited	While the language is not objectionable in principle we do not fully understand the relevance of the proposed wording in (b) "*The application of interpersonal, communication and organizational skills"* to a Code of Ethics: further while we appreciate that the text refers to "application" of these important skills we could see that some readers might infer that the lack of such skills impairs their ability to act as professional accountants. We do not see that these skills are any more important in the digital age (which of course is not referenced in the text anyway). The Board might wish to have another look at this language.

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	In principle yes, however, the addition of the technology concepts and the lack of clarity on whether it is the individual or the practice that needs to have this knowledge means that the paragraphs, cannot be evaluated appropriately.
46	RSM International Limited	We support the additional guidance to explain that additional skills are needed in the digital age. However, rather than only making reference to "interpersonal, communication and organizational skills", we suggest that paragraph 113.1A1 (b) is amended to: *"(b) The application of soft skills (for example, interpersonal, communication and organizational skills)."* We think that this will help clarify that there are other soft skills that are relevant.
Others		
47	IFAC Small and Medium Practices Advisory Group	The SMPAG had some discussions about the addition of item b in 113.1 A1 related to the application of interpersonal, communication, and organizational skills. We debated whether communication skills are critical if the individual is technically competent, and the lack of these skills should not necessarily create an ethical violation. For example, there are some very competent, intelligent individuals that may be neurodiverse; for example, those on the autism spectrum who may demonstrate issues with social communication and interaction. We propose removing this bullet as we believe it may discriminate against individuals with disabilities who otherwise possess professional competence. We also believe that this skill would be very challenging to review for compliance. Overall, the SMPAG did not believe these qualities would be unique to those dealing with technology and since they are not noted in other sections of the Code, we believe the Board should consider removing to avoid any confusion. We also did not think the additional language proposed in R113.3 adds any value and suggest removal.
48	Dr. Asha Sharma	N/A

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
#	**Respondent**	**Extract of Comment**
49	Alvaro Fonseca Vivas	Heeding what you have established that professional competence must be maintained where a continuous awareness and understanding of the technical, professional, business and technology-related aspects in the digital age is required – and of what is coming from Artificial Intelligence that will take many accountants out of the framework of work – relevant to the developments (see paragraph 113.1 A2) and that mentions about "the maintenance of competition" professional who requires a continuous awareness and understanding of relevant technical, professional, commercial and technological developments." Together with a continuous professional update and that allows a professional of accounting and control of information to develop and maintain the skills to perform competently in the environment in which he is working. This means that the responsibility and sanctions that in some jurisdictions have been very lax and that are taken into account in the ethical role of accountants and auditors have not been given sufficient force, especially when fraud is found or is associated in the development of the work in which there are accounting commitments, advice, consultancies and support in the audit, this is still handled, as prohibited by the Federal Law of the United States of America Sarbanes Oxley given, that this law arose in response to the financial scandals of large corporations and that this diminished before the public opinion the confidence that was had especially in the accounting systems and above all, in the audit, therefore from these lessons learned it would be necessary to strengthen the aspects of the management of the forensic audit well defined and strengthened from the environment of criminal law and criminology, which helps to discover who are the perpetrators who cause fraud and crimes in the financial management of business organizations and especially that these activities in which some companies of professional services of accounting and auditing and who are involved in unethical cases, which are highly known for their sanctions worldwide. Yes, paragraph 113.1 mentions in point A1 "Serving clients and employing organizations with professional competence requires: (a) the exercise of good judgment in the application of professional knowledge and skills; and (b) The application of interpersonal, communication and organizational skills when carrying out professional activities". It is not seen where the sanctions are or how to act when these aspects are not applied by the professionals who profess these activities that would be against the good performance and work that must be performed before the client and the organization. Or to put it in other words, what are the implications of the existing limitations in the ethical performance of the application of professional knowledge and skills?, which are not clear in the proposal presented by you, as highlighted in the paragraph of R113.3 "Where appropriate, the accounting professional will make the clients, the organisation for which you work, or other users of the accountant's professional services or activities, aware of the limitations inherent in the services or activities and provide them with sufficient information to understand the implications of those limitations." On the other hand, it is mentioned in another aspect of the proposal that the "Recognize that the practice of an accounting professional (PA) of an accounting or business professional trial may be compromised by undue influence or undue reliance on individuals, organizations, technology or other factors (see paragraph 110.1 A1)". It is not seen or not noticed in the proposal, the way in which these will be observed and what actions will be taken in case of being evidenced in the performance where the computer systems that will be part of the internal control over the finances and the reports are also

Question 5: Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?		
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		not well applied or that these generate information for the accounting records of the transactions resulting from the client's operations, either of the opinions or statements of the firms of auditors or of the same independent auditors and of the accountants in the daily exercise of their work or if these are in charge of the sciences of the criminal law of each of the jurisdictions where the professional competence and due care have to be seen which must be strengthened in the international education of the standards that began on January 1 of the 2021 and in which it would be necessary to review them with respect to how it would be handled in case of lack of ethics and for the follow-up in the audits between the same firms of auditors or accountants in case of any fraud or crime as mentioned above. On the other hand and ending yes this agree that some representatives of the International Panel on Accounting Education of the IFAC (IPAE) express and participate with their support for the revisions proposed in paragraph 113.1 A1, and a preference for the inclusion of a reference to IES or equivalent educational standards, due to the statistical increase in handling fraud and economic and financial crimes in natural persons and in business organizations in which every day these aspects are increased and accounting professionals and auditors do not find well at the time of their work and that lends itself so that as technology advances and in the digital, white-collar criminals and the common are at the forefront of committing illicit acts or that are typified by law as illegal.
50	MindBridge	While the additional skills outline in 113.1 A1 are likely to increase the likelihood for a PA's career success, the lack of these skills should not be considered an ethical violation. For example, there are some very competent, intelligent individuals that may be neurodiverse, such as those on the autism spectrum who may have social deficits. We propose removing this bullet as we believe it may discriminate against individuals with disabilities who otherwise possess professional competence.

QUESTION 6

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
1	Botswana Accountancy Oversight Authority	We are in support of the exclusion of the application material as competencies of PA's are addressed in the International Education Standards. Furthermore, the responsibility to ensure that PAs are competent in technology related areas continues to be driven by the Professional Accountancy Organizations through Statements of Member Obligations (SMOs). The Professional Accountants (PA) are already required by the code to identify the relevant applicable professional competence standards and resources in order to comply with the requirement in paragraph R113.1. If the Professional Competence considerations are added in the Ethical Standards, it would be prudent to add the complete provisions and application material in this section, as opposed to reference to other standards hence our support for the exclusion.
2	Committee of European Audit Oversight Bodies	N/A
3	Irish Auditing and Accounting Supervisory Authority	N/A
4	Independent Regulatory Board for Auditors	We agree with the IESBA for not including additional new application material that would make an explicit reference to standards of professional competence, such as the IESs in the Code.

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
5	International Forum of Independent Audit Regulators	N/A
6	International Organization of Securities Commissions	N/A
7	National Association of State Boards of Accountancy	NASBA believes that it would be helpful to users of the Code to have explicit references to the standards of professional competence embedded in the Code
8	UK FRC	The FRC agrees with the decision to not include additional application material.
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards Board (Australia)	APESB does not have a strong objection to the IESBA Code, including reference to the IES. Therefore, we believe that IESBA could consider including paragraph 113.1 AX set out in paragraph 29 of the Technology ED Explanatory Memorandum, or alternatively, refer to the IES by way of a footnote.

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
10	New Zealand Auditing and Assurance Standards Board	Yes, the NZAuASB supports the proposals and does not have further comments.
Professional Accountancy Organizations		
11	Association of Accounting Technicians	AAT agrees with the fundamental principle that it is the professional's obligation to identify the relevant standards applicable to them.
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We agree with the IESBA's decision not to include an explicit reference to International Education Standards (IESs) or equivalent education standards, as this is consistent with the approach taken towards referencing other standards of professional competence within the Code. We support a footnote or reference in application material which reminds the PA to familiarise themselves with competency requirements.

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
13	Association of International Accountants	Yes - we agree with these proposals.
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	PEEC agrees with the IESBA not to include additional application material that references specific standards of professional competence. These standards may not apply in all jurisdictions.
15	ASSIREVI	N/A
16	Botswana Institute of Chartered Accountants	We agree with the Board's decision. The Code should be general to allow PA to apply it under various circumstances.
17	Compagnie Nationale des Commissaires aux Comptes	N/A

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
18	CPA Australia	While additional application material (as illustrated in paragraph 29 of the explanatory memorandum) is not necessary to make an explicit reference in the Code to standards of professional competence such as the IESs, CPA Australia is of the view that the IESBA should at least ensure that it uses definitions and descriptions that are consistent with, if not the same, those used in the IESs.
19	Chartered Professional Accountants Canada Public Trust Committee	The PTC agrees with the IESBA not to include new application material with an explicit reference to standards of professional competence such as the International Education Standards, in the Code, since there are many different standards and rules that professional accountants must adhere to.
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	We agree, because section 113.1.a2 of the IESBA 2021 code says: Maintaining professional competence requires ongoing knowledge and understanding of relevant technical, professional, business and technological developments. Continuing professional development enables a professional accountant to develop and maintain the capabilities to perform competently within the professional environment.
21	Hong Kong Institute of Certified Public Accountants	We agree with the IESBA's approach not to include additional new application material making explicit reference to standards of professional competence. We note that the extant Code includes an implicit obligation for PAs to identify the relevant applicable professional competence standards and resources in order to comply with the requirement in paragraph R113.1. Given the global nature of the Code, it is not possible for the IESBA to identify all relevant standards and include them for PAs' attention. To avoid confusion, we recommend the IESBA not to include any such references but leave it for PAs' identification or local standard setters to supplement if necessary.

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
22	Ibracon – Instituto de Auditoria Independente do Brasil	Yes. We support the arguments described in the paragraphs 30 and 31 of the explanatory memorandum that in the entire Code there are implicit factors to the standards of the professional competence to be taken into consideration by the PAs.
23	Institute of Chartered Accountants in England and Wales	ICAEW agrees with this proposal. The standards of professional competence are implicit throughout this section; referencing them here would be redundant.
24	The Institute of Chartered Accountants of India	N/A
25	The Institute of Chartered Accountants of Nigeria	To align with existing standards, we agree not to make explicit reference to the standard of professional competence. However, we would like the Board to consider the inclusion of the explicit references to standards to serve as reminders of the requirements for professional competence for accountants.
26	The Institute of Chartered Accountants of Scotland	We agree with IESBA's proposal not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
27	Institute of Certified Public Accountants of Uganda	We agree with the decision not to include additional new application material (as illustrated in paragraph 29 of the explanatory memorandum) that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions) in the Code. This is because inclusion of such additional material would make the Code prescriptive and not principles based. It's enough that the Code contains a requirement for professional accountants to maintain professional competence and due care in all their professional engagements.
28	Instutute der Wirtschaftsprüfer (Germany)	N/A
29	ISCA	N/A
30	Japanese Institute of Certified Public Accountants	We agree with the proposal because the extant Code includes an implicit obligation for PAs to identify relevant applicable professional competence standards and resources in order to comply with the requirements in paragraph R113.1.
31	KICPA	We support the decision of the IESBA, because the extant Code (paragraph R113.1) already sets forth clear requirement for professional competence, which is deemed to be an implicit requirement for compliance with IES, as described in the explanatory memorandum of Exposure Draft.
32	Malta Institute of Accountants	Yes

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
33	Malaysian Institute of Accountants	Yes, we agree to not include additional new application material that would make an explicit reference to standards of professional competence such as the IESs in the Code. However, we are of the view that a general reference to the 3 categories outlined by the IES could be made as mentioned in our response above.
34	NBA	N/A
35	South African Institute of Chartered Accountants	The profession agrees with the IESBA not to include additional new application material (as illustrated in paragraph 29[2] of the explanatory memorandum) that would make an explicit reference to standards of professional competence such as the International Education Standards.
36	Society of Certified Accountants and Auditors of Kosovo	We agree with not including any additional new application material.
37	Thailand Federation of Accounting Professions	Yes we agree.
Firms		
38	BDO International Limited	BDO notes the IESBA's decision to not include reference to the IES. BDO agrees that it is not appropriate to reference specific skills required, for example technical skills but we are of the view that it is appropriate to include a general reference to the three broad categories outlined by the IES, as indicated in paragraph 20 above. BDO further suggests that IESBA Staff guidance will be a useful aid to identify specific skills applicable to a PAs situation as well as assessing the competence level when complying with proposed paragraph 113.1 A1.

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
39	Deloitte Touch Tohmatsu Limited	Deloitte Global agrees with the IESBA to not include the referred application material.
40	Ernst & Young Global Limited	Yes, we agree with the IESBA's position to not include an explicit reference to standards of professional competence such as the IESs in the Code. We support the position of the IESBA, as noted in paragraph 30 of the EM, that PAs are already required under the extant Code paragraph R113.1 to attain and maintain the necessary professional knowledge and skill to perform their professional activities, and this is adequately supported by the application material in extant paragraph 113.1 A2.
41	GTIL	GTIL agrees with the IESBA not to include additional new application material (as illustrated in paragraph 29 of the explanatory memorandum) that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions) in the Code.
42	KPMG	We agree with the Board's decision to not include an explicit reference to the IESs in the Code.
43	MNP LLP Canada	N/A
44	PricewaterhouseCoopers International Limited	Yes, we agree with the approach.

Question 6: Do you agree with the IESBA not to include additional new application material that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions)?		
#	**Respondent**	**Extract of Comment**
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	Yes, this is a changing matter and inclusion of other standards within this code is a complication without benefit.
46	RSM International Limited	We do not agree as we think it is helpful to refer PAs to standards of professional competence, for example, those in the IESs.
Others		
47	IFAC Small and Medium Practices Advisory Group	We agree with not including any additional new application material that would make an explicit reference to standards of professional competence such as the IESs.
48	Dr. Asha Sharma	N/A
49	Alvaro Fonseca Vivas	N/A
50	MindBridge	N/A

QUESTION 7

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		
1	Botswana Accountancy Oversight Authority	We are in support of the new definition. The revision broadens the scope of coverage to include all information related to the client, which a PA may meet, when providing services. The proposed Glossary definition of confidential information is also clear and easy to understand.
2	Committee of European Audit Oversight Bodies	Paragraph 114.1 A1 explains that maintaining confidentiality of information involves taking appropriate action to 'secure' information during the entire cycle of data possession. Given the word 'secure' can be broadly interpreted, we suggest including language to clarify what is expected from the professional accountant.
3	Irish Auditing and Accounting Supervisory Authority	Paragraph 114.1 A1 states that maintaining confidentiality of information involves taking appropriate action to 'secure' such information throughout the cycle of data possession. Given that the word 'secure' can be broadly interpreted, we suggest including language to clarify what is expected from the professional accountant.
4	Independent Regulatory Board for Auditors	1. We support the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3 and the proposed Glossary definition of "confidential information". 2. Global organizations in this digital age face further complexities arising from multi-jurisdictional laws and regulations that govern confidential information, as well as more cyber-security threats. We suggest that the Working Group prioritizes these topics for Phase 2. 3. We also propose that application material be included in section 114 of the Code, to address the practical application of the definition of "confidential information" in cases where the information is unlawfully disclosed. This would assist in providing further context to the term "public domain".
5	International Forum of Independent	IFIAR is generally supportive of the proposed Glossary definition of "confidential information", though consideration will need to be given to whether conforming amendments are required to ISQM 1 in order to support professional accountants

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
	Audit Regulators	in complying with the proposed requirements. This should be discussed with the IAASB in the course of finalising the revisions to the Code. IFIAR agrees that "privacy" should not be included as a specific requirement to be observed by professional accountants, given varying laws and regulations in different jurisdictions. IFIAR would however support additional material on the factors that professional accountants should consider when undertaking cross-border engagements and how they might respond to potential conflicts between local laws and regulations.
6	International Organization of Securities Commissions	We believe that the term "secure" used in this paragraph can be broadly interpreted, and therefore, we suggest that the Board consider clarifying the expectations of a professional accountant when maintaining the confidentiality of information. while the definition of a PAPPs refers to individual professional accountants in public practice and their firms, the definition of a PAIB does not include their employing organizations which would contemplate the entity-wide control systems that may be in place to accomplish ethical requirements around technology. We also believe that this observation applies to the ability of an individual PAIB to comply with the requirements in Subsection 114 – Confidentiality[3], as the responsibility of complying with the principle of confidentiality may be shared across employees (including other PAIBs) in an employing organization. We encourage the Board to consider how the internal control environment of the employing organization of a PAIB can be referenced in the Code to address these observations.
7	National Association of State Boards of Accountancy	(a) NASBA supports the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3. (b) NASBA supports the proposed Glossary definition of the term "confidential information." The definition of "confidential information" is based on the concept of "public domain", which is not currently defined. We recommend that "public domain" be defined in the Exposure Draft.
8	UK FRC	N/A

[3] While the focus of our comment is in respect of PAIBs, we encourage the Board to consider if similar restrictions may exist with PAPPs in small and medium-sized practices.

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards Board (Australia)	APESB supports proposed paragraph 114.1 A1 in relation to maintaining the confidentiality and securing that information throughout the data governance cycle and the proposed definition of 'confidential information'.
10	New Zealand Auditing and Assurance Standards Board	Yes, the NZAuASB supports the proposals and does not have further comments.
Professional Accountancy Organizations		
11	Association of Accounting Technicians	AAT supports the revisions in 114.1 A1 as it is line with our own expectations in relation to strengthening data security. AAT has no objections to the definition of 'Confidential information' in the Glossary.

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We support proposed paragraphs 114.1 A1 and 114.1 A3 which address the maintenance of confidential information acquired in the course of professional and business relationships. We highlight that local laws and regulations often define confidential information and prescribe requirements for the collection and storing of confidential and personal information. In terms of the proposed definition of "confidential information" We suggest the following addition [new text underlined]: "Any information, data or other material in whatever form or medium (including written, electronic, visual or oral) that is not <u>legitimately</u> in the public domain."
13	Association of International Accountants	Yes
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	PEEC supports the proposed revisions in paragraphs 114.1 A1 and 114.1 A3 and the definition of "confidential information". PEEC believes the addition of the term "appropriate action" in paragraph 114.1 A1 is beneficial because it is broad and allows local governing bodies to determine which actions may be appropriate in each jurisdiction. To ensure the proper application of paragraph 114.1 A1, PEEC requests clarification of the difference between professional relationships and business relationships. For example, would information about a client or employing organization provided to a professional accountant at a social gathering be considered acquired in the course of a professional or business relationship and would that information fall under the definition of "confidential information?" Paragraph R114.1 references "information acquired *as a result of* professional and business relationships" while the proposed application paragraph 114.1 A1 uses "information acquired *in the course of* professional and business relationships." If there is a reason for the difference in terminology, PEEC believes the IESBA should provide an explanation. If these terms are used interchangeably, the application paragraph should conform with the requirement paragraph.
15	ASSIREVI	N/A

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
16	Botswana Institute of Chartered Accountants	We support the proposed revisions.
17	Compagnie Nationale des Commissaires aux Comptes	N/A
18	CPA Australia	CPA Australia supports the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3, as well as the proposed glossary definition of "confidential information"
19	Chartered Professional Accountants Canada Public Trust Committee	(a) The PTC is generally supportive of the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3, but have several recommendations as outlined below. In reviewing the proposed adjustments, we noted two paragraphs in the extant section R114.1 that would benefit from a slight wording change. First, in section R114.1 (b) we suggest adding a specific wording to address the fact that even within a firm, there may need to be a restriction on what information is shared with other members of the same firm. Secondly, in section R114.1 (g), we also recommend adding the words "comply with and" before "…respect the accountant's duty of confidentiality." This would help strengthen the wording and capture not just the accountant, but also the accountant's employees. The PTC also recommends strengthening the wording in 114.1 A1 from "appropriate action to secure such information…" to "appropriate action to secure **and protect** such information…". The addition of the word protect helps align the wording with standard privacy legislation and mitigate the risk of increasingly prevalent global data breaches. We also recommend defining what is meant by "public domain" in the definition of confidential information, as this is subject to different interpretations. In relation to proposed paragraph 114.1 A3, the PTC is of the view that it should not be used to prevent the disclosure of confidential information pursuant to paragraph 114.1 A2. We recommend a statement to this effect be added.

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
		(b) The PTC is of the view that the proposed Glossary definition of "confidential information" may not be sufficient to create a consistent, widely understood threshold of what it constitutes. In some jurisdictions, the word "public domain" is often associated with copyright, which is not the intended meaning within this definition. We noted that the proposed definition would benefit from clarity on IESBA's intended meaning of "public domain". Further to this point, we recommend using a more specific term than "public domain" to define "confidential information", one option could be "not otherwise legally accessible by the public". Implementing the above recommendations will afford readers more clarity into IESBA's intended meaning.
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	N/A
21	Hong Kong Institute of Certified Public Accountants	It is helpful to develop a definition on "confidential information" to assist PAs to determine information that is confidential and require special consideration. In light of the variety and wide range of information sources/types, we agree that any definition of "confidential information" needs to be broad in order to be effective. However, we struggle with the concept of "public domain" in the proposed definition, which is commonly used in the era of intellectual property referring to something that can be used by anyone and is not protected by copyright[1]. As "public domain" is a relatively new concept, we urge the IESBA to explain its meaning from the Code's perspective with examples on types/sources of information that are in public domain and not in public domain. For example, whether an email address on a business card obtained during a business liaison/social activity is a "confidential information" if it cannot be found via search engines online. [1] https://www.macmillandictionary.com/us/dictionary/american/public-domain
22	Ibracon – Instituto de Auditoria Independente do Brasil	Yes. Even though the Code already covers confidentiality matters, we believe that those proposed paragraphs might help the PAs.

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
23	Institute of Chartered Accountants in England and Wales	1. ICAEW would welcome clarity about whether the provision extends to the use of data for AI systems training or would prohibit the use of data that had been anonymised. ICAEW also has concerns about whether the inclusion of the term 'other material' (not being 'data' or 'information') in the glossary might prove problematic to interpret. 2. ICAEW considers that in relation to paragraph 114.1.A2, it would be helpful to include examples of when it could be appropriate for Professional Accountants to seek consent to share confidential information for the purposes of developing new technology, where appropriate safeguards are in place. 3. Currently, the presumption of confidentiality has the effect of making firms wary of seeking consent, even for the use of pseudonymized data for collaborative research. ICAEW considers that guidance indicating that this would be permissible (given appropriate safeguards) would be welcome and that this would help with cross-industry activities to create new technology-focused quality norms. 4. ICAEW notes that the definition of 'confidential information' applies to material that is not in the public domain. There is a potential concern that the wording could be misinterpreted to mean that where another party does put information in the public domain (including with deliberate intent), then the ethical principle of confidentiality would no longer apply. 5. ICAEW considers that it would be helpful to clarify that the duty to preserve confidentiality extends to seeking assurance over third party software providers, especially those providing cloud-based services. 6. We believe that there is a lack of awareness amongst some Professional Accountants that using data within a third-party cloud-hosted tool may also be 'giving access to information' to third-parties, especially where that third-party tools data mines or uses the data input to train AI. We consider that there should be an explicit requirement for Professional Accountants to confirm with third-party technology providers that the providers are not utilising data disclosed confidentially for purposes not agreed by their clients.
24	The Institute of Chartered Accountants of India	We agree with this.
25	The Institute of Chartered Accountants of Nigeria	Response: Yes, we support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality and agree with the proposed Glossary definition of "confidential information.

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
26	The Institute of Chartered Accountants of Scotland	Yes – we support the proposed revisions in paragraphs 114.1 A1 and 114.1 A3 and the proposed Glossary definition of "confidential information". Paragraph 114.1 A1 states: "Maintaining the confidentiality of information acquired in the course of professional and business relationships involves the professional accountant taking appropriate action to secure such information in the course of its collection, use, transfer, storage, dissemination and lawful destruction." We would note in paragraph 114.1 A1 a situation similar to paragraph 220.7 A3 (see below) where a professional accountant's position in the organisation may impact their ability to do all of this. They can only be held responsible for keeping information confidential within their own individual sphere of influence. For example, an audit senior in a firm would be held responsible for the client information that comes to them during their work, but they can't be held responsible for the lawful destruction of that information (for example the routine destruction of emails) from the firm's IT systems as that will be a policy beyond their sphere of influence. We appreciate there may be exceptions where specific procedures are in place, but we do question the generality of the proposed paragraph. Paragraph 220.7 A3: "Another consideration is whether the professional accountant's position within the employing organization impacts the accountant's ability to obtain information in relation to the factors required to determine whether reliance on the work of others or on the output of technology is reasonable."
27	Institute of Certified Public Accountants of Uganda	We support the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.A1 and 114.1 A3 as they reinforce the requirement to comply with the fundamental principle of confidentiality. However, we recommend: a) Inclusion of whether there is a legal requirement to disclose confidential information as an additional factor for consideration when deciding whether to disclose confidential information in 114.1 A3. b) Amendment of the definition of confidential information in the Glossary to read "any information, data or other material in whatever form or medium (including written, electronic, visual or oral) acquired in the course of professional and business relationships that is not in the public domain." We feel that this will limit the term 'confidential information' to professional information and exclude any other information e.g., personal information that may be acquired from say long association with a client.
28	Instutute der Wirtschaftsprüfer (Germany)	*R114.1 A1 Maintaining the confidentiality of information acquired in the course of professional and business relationships involves the accountant taking appropriate action to secure such information in the course of its collection, use, transfer, storage, dissemination and lawful destruction.* The requirement R114.1 A1 relates to national or regional data protection provisions (e.g., the European General Data Protection Regulation). An explanation as to what kind of appropriate action is meant would be helpful. For example, an auditor cannot prevent hackers from unlawfully tapping information. Would that kind of prevention be covered by "appropriate actions" or not?

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
29	ISCA	N/A
30	Japanese Institute of Certified Public Accountants	We support (a) the proposed revisions. We agree with the clarification of the need for data protection in paragraph 114.1 A1 and the modernization of the wording in paragraph 114.1 A3, which is in line with the current trends in technology. We also support (b) the proposed Glossary definition of "confidential information."
31	KICPA	We agree with the proposed guidance and new Glossary definition as the use of technology raises the level of threat to compliance with principle of confidentiality.
32	Malta Institute of Accountants	Yes
33	Malaysian Institute of Accountants	We are generally supportive of the proposed revisions in paragraphs 114.1 A1, 114.1 A3 and the proposed Glossary definition. The Institute understands the importance of maintaining confidentiality in the course of professional and business relationships but would further suggest that the IESBA indicate a minimum acceptable action required by the professional accountant in terms of securing such information. Presently, this is not clear within the proposed revisions and consistent application of these revisions will be challenging.
34	NBA	N/A
35	South African Institute of Chartered Accountants	The profession supports the revision to paragraphs 114.1 A1 and 114.1 A3 which is in line with the Protection of Professional Information Act (POPIA) in South Africa that all SAICA members must comply with.

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
36	Society of Certified Accountants and Auditors of Kosovo	We support the proposed revisions and Glossary definition of "confidential information".
37	Thailand Federation of Accounting Professions	(a) Yes, we support both. (b) Yes, we support.
Firms		
38	BDO International Limited	BDO supports the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3 as well as the proposed Glossary definition of "confidential information". With reference to proposed paragraph 114.1 A1, which requires the PA to take appropriate action to secure information, BDO's view is that the minimum acceptable action required by the PA in terms of securing the information is not clearly stipulated and consistent application of this provision would be challenging. To this end, BDO suggests that the proposed revisions clarify the minimum acceptable action required by the PA in terms of securing the information either through additional application material or IESBA Staff Guidance material.
39	Deloitte Touch Tohmatsu Limited	Deloitte Global supports the proposed revisions as reasonable, however, the wording in the provision should be aligned to paragraph R114.1 which states "information acquired as a result of professional activity or business relationship" rather than "in the course of" as in the proposed paragraph 114.1 A1 as it not clear if there is a difference in meaning.
40	Ernst & Young Global Limited	Yes, we support the proposed revisions included in paragraphs 114.1 A1 and 114.1 A3. We believe these revisions are helpful and are responsive to the ever-increasing importance placed on the treatment of confidential information.

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
41	GTIL	GTIL supports the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3. Regarding the proposed glossary definition of confidential information, while we are not opposed to the proposed definition, the term "confidential information" has been a long-standing term used in the Code and we don't see any benefit in defining at this juncture.
42	KPMG	We support these proposed revisions and the proposed glossary definition.
43	MNP LLP Canada	N/A
44	PricewaterhouseCoopers International Limited	The proposed definition implies that any information that is not in the public domain is confidential. We do not believe that this is necessarily the case and that there should be some scalability in the definition. Further local laws or regulation may include local definitions and clients and organizations will often have their own policies and related procedures on what is confidential, often differentiating "highly confidential" information. Further we therefore recommend that 114.1 A1 also contains an element of scalability for example by referring to "secure as appropriate".
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	a) Yes b) Yes, but perhaps the definition should simply refer to whatever local jurisdiction defines confidential information as? Or make clear that this is the minimum a professional accountant should consider as confidential information but it is superseded by any local additional requirements
46	RSM International Limited	Yes, we support this as it provides additional guidance for Professional Accountants to ensure confidentiality is maintained. This is particularly relevant when data is stored and retained within IT systems.

Question 7: Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of "confidential information?"		
#	**Respondent**	**Extract of Comment**
Others		
47	IFAC Small and Medium Practices Advisory Group	Proposed 114.1 A1 discusses maintaining confidentiality, but perhaps instead the focus should be on steps the accountant should consider in order to protect client confidentiality throughout their professional and business relationship.
48	Dr. Asha Sharma	N/A
49	Alvaro Fonseca Vivas	N/A
50	MindBridge	N/A

QUESTION 8

Question 8: Do you agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary?		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		

Question 8: Do you agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary?		
#	**Respondent**	**Extract of Comment**
1	Botswana Accountancy Oversight Authority	We agree with excluding privacy as a key component of confidentiality considerations. The provisions of privacy law and their principles far exceed the scope of confidentiality and should be addressed separately or referenced in principle in the following manner: "Confidentiality includes the PA complying with client policies on privacy and relevant jurisdiction-specific laws applicable, to protect the privacy on natural and juristic persons."
2	Committee of European Audit Oversight Bodies	N/A
3	Irish Auditing and Accounting Supervisory Authority	N/A
4	Independent Regulatory Board for Auditors	We agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary. This is because national laws and regulations address what PAs are required to comply with under paragraphs R100.7 to 100.7 A1 of the Code.
5	International Forum of Independent Audit Regulators	N/A

Question 8: Do you agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary?		
#	**Respondent**	**Extract of Comment**
6	International Organization of Securities Commissions	N/A
7	National Association of State Boards of Accountancy	NASBA agrees that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary because there are significant global differences in national laws and regulations regarding "confidential information."
8	UK FRC	The FRC does not agree that privacy should be excluded from the Glossary definition of "confidential information". Privacy and the original data owners intentions are important concepts for a professional accountant to consider when potentially making use of confidential information. In this scenario, the FRC believes that a professional accountant would have to carefully consider if, and how, it would be possible to make use of such "leaked information" in a way with does not conflict with the fundamental principles. · Whilst it is true that many jurisdictions have robust laws and regulations in respect of privacy, others do not. Even amongst those with established regulation, definitions and the extent of protections will vary considerably. By excluding "privacy" from the definition, this potentially creates equivalency and consistency problems, particularly when professional accountants are undertaking cross-border engagements. The FRC suggests that the IESBA consider revising the Glossary definition of "confidential information" to ensure it is consistent with established definitions and takes account of both privacy and intent and to include material on factors professional accountants should consider when undertaking cross-border engagements. We also note that "public domain" is not a defined term and may be interpreted differently across jurisdictions.
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards	APESB agrees that 'privacy' should not be explicitly included as a requirement to be observed in the proposed definition of 'confidential information' as it is addressed by national laws and regulations that apply to accountants. In Australia, there are Australian Privacy Principles that are the cornerstone of the framework of the Australian *Privacy Act 1988* and applies to all organisations that are covered by that Act.

Question 8: Do you agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary?		
#	**Respondent**	**Extract of Comment**
	Board (Australia)	APESB understands IESBA's rationale for not including terminology such as accountability, transparency and explainability in the IESBA Code because these terms have varying definitions.
10	New Zealand Auditing and Assurance Standards Board	Yes, the NZAuASB supports the proposals and does not have further comments.
Professional Accountancy Organizations		
11	Association of Accounting Technicians	If there is a genuine concern that the explicit inclusion of 'privacy' might result in conflict with national laws and regulations then AAT understands the proposal that it need not be included. However, as an alternative, AAT suggests that it would be possible to include an explicit reference to privacy within the code with guidance around minimum provisions whilst referencing that this might be superseded by national laws and/or regulations in some jurisdictions. By including wording of this nature it would ensure that the Glossary is not silent on this matter.

Question 8: Do you agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary?		
#	**Respondent**	**Extract of Comment**
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We agree that the concept of "privacy" is addressed by national laws and regulations and that these national laws and regulations apply to PAs working in practice and in business. We therefore agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information".
13	Association of International Accountants	We would welcome the inclusion of an additional statement which highlights the impact upon the reliability of such technology of the mindset/ focus or the preparer of such technologies and the purpose for which the technology was designed. We believe that an appreciation of these factors will highlight any potential bias with the design of the technology and its consequent impact on the resulting information. This would be consistent with the considerations outlined over the output of technology
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	PEEC agrees that "privacy" should not be included as a requirement in the proposed definition of "confidential information."
15	ASSIREVI	N/A

Question 8: Do you agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary?		
#	**Respondent**	**Extract of Comment**
16	Botswana Institute of Chartered Accountants	We support the proposed revisions.
17	Compagnie Nationale des Commissaires aux Comptes	N/A
18	CPA Australia	CPA Australia agrees with the IESBA's position in this regard.
19	Chartered Professional Accountants Canada Public Trust Committee	The PTC agrees that "privacy" should not be explicitly addressed. Privacy laws are complex and vary greatly from jurisdiction to jurisdiction and there is a possibility of several laws and regulations being applicable to any scenario. Explicitly referring to privacy could contradict specific laws and regulations to which PAs are required to comply with. For these reasons, the PTC is in support of no additional explicit requirements to be observed by PAs.

Question 8: Do you agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary?		
#	**Respondent**	**Extract of Comment**
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	N/A
21	Hong Kong Institute of Certified Public Accountants	We agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the Code because it is already addressed by national laws and regulations with varying interpretations among jurisdictions. Nonetheless, it would be helpful if the Code could include general principles to "privacy" applicable to PAs, while emphasizing that those principles are subject to relevant laws and regulations. This would provide guidance to and ease the pressure on PAs when confronted with relevant circumstances, and to assist PAs in jurisdictions without statutory requirements pertaining to privacy.
22	Ibracon – Instituto de Auditoria Independente do Brasil	Yes. We understand that each jurisdiction has its own regulation and law related to privacy. However, we believe that the Code should mention a statement allowing jurisdictions to include their own paragraphs related to privacy (e.g., inclusion in the confidentiality section).
23	Institute of Chartered Accountants in England and Wales	ICAEW agrees with this proposal.
24	The Institute of Chartered Accountants of India	Yes, we agree that this should not be included as this is essentially a matter for local law.

Question 8: Do you agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary?		
#	**Respondent**	**Extract of Comment**
25	The Institute of Chartered Accountants of Nigeria	We do not agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information. We are of the view that privacy should be explicitly included for the purpose of emphasis. Its definition should be subject to jurisdictional guidance as applicable.
26	The Institute of Chartered Accountants of Scotland	Yes - we agree that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary because it is addressed by national laws and regulations which PAs are required to comply with under paragraphs R100.7 to 100.7 A1 of the Code.
27	Institute of Certified Public Accountants of Uganda	We agree that "privacy" should not be explicitly included as a requirement to be observed by professional accountants in the proposed definition of "confidential information" in the Glossary because it is addressed by national laws and regulations which professional accountants are required to comply with under paragraphs R100.7 to 100.7 A1 of the Code (refer to question 4 of the survey report). Professional accountants in Uganda are prohibited, under Section 4.3 of the ICPAU Code of Ethics, from using information confidential to a client or employer acquired in the course of professional work except where consent has been obtained from the client, employer or other proper source, or where there is a legal right or duty to disclose. We believe this in addition to the requirement to comply with the fundamental principle of confidentiality is adequate to ensure that professional accountants in our jurisdiction preserve the confidentiality of professional information acquired during the execution of their professional duties.
28	Instutute der Wirtschaftsprüfer (Germany)	N/A
29	ISCA	N/A

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#	**Respondent**	**Extract of Comment**
30	Japanese Institute of Certified Public Accountants	We agree with the proposal. We agree that the term "Privacy", which can differ in meaning from jurisdiction to jurisdiction, should not be explicitly included as a requirement to be observed by PAs in the definition of "confidential information" in the Glossary.
31	KICPA	We agree with the IESBA's decision.
32	Malta Institute of Accountants	Yes
33	Malaysian Institute of Accountants	We are agreeable that "privacy" should not be explicitly included as a requirement as it is already addressed by most national laws and regulations.
34	NBA	N/A
35	South African Institute of Chartered Accountants	The profession agrees that that "privacy" should not be explicitly included as a requirement to be observed by professional accountants in the proposed definition of "confidential information" in the Glossary. Professional accountants in South Africa must comply with POPIA which addresses privacy.
36	Society of Certified Accountants and Auditors of Kosovo	We agree that "privacy" should not explicitly be included as a requirement.

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#	**Respondent**	**Extract of Comment**
37	Thailand Federation of Accounting Professions	(a) Yes, we support both. (b) Yes, we support. (c) Yes, we agree.
Firms		
38	BDO International Limited	BDO agrees that "privacy" should not be explicitly included as a requirement to be observed by PAs in the proposed definition of "confidential information" in the Glossary for the reasons outlined in paragraph 36 (c) of the explanatory memorandum.
39	Deloitte Touch Tohmatsu Limited	Deloitte Global agrees that privacy should not be explicitly included as a requirement in the Code for the reason given.
40	Ernst & Young Global Limited	Yes, we agree that "privacy" is sufficiently addressed by national laws and regulations and does not need to be explicitly included as a requirement in the proposed definition of "confidential information."
41	GTIL	GTIL agrees that "privacy" should not be explicitly included as a requirement to be observed by professional accountants in the proposed definition of "confidential information" because it is addressed by national laws and regulations that apply to professional accountants. However, please refer to our comment above regarding defining "confidential information".
42	KPMG	We agree with the decision to exclude "privacy" in the proposed definition of "confidential information.
43	MNP LLP Canada	N/A

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#	**Respondent**	**Extract of Comment**
44	PricewaterhouseCoopers International Limited	Yes, we agree that this should not be included as this is essentially a matter for local law.
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	Yes as local jurisdictions change their requirements frequently.
46	RSM International Limited	Yes, we support that "privacy" is not included as it is addressed by national laws and regulations which PAs are required to comply with under paragraph R100.7.
Others		
47	IFAC Small and Medium Practices Advisory Group	Yes, we agree that "privacy" should not explicitly be included as a requirement since this is already addressed by national laws and regulations.
48	Dr. Asha Sharma	N/A

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#	**Respondent**	**Extract of Comment**
49	Alvaro Fonseca Vivas	N/A
50	MindBridge	N/A

QUESTION 9

Question 9: Do you support the proposed revisions to the International Independence Standards, including: (a) The proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services. (b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum. (c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		
1	Botswana Accountancy Oversight Authority	(A) We agree with the proposed revisions. We are also in agreement with paragraph 400.16. (B) We agree with the proposed revisions. The relationships disclosed will guide the PAs in knowing what type of relationships to avoid or look out for. The introduction of joint arrangement also covers the relationships between the client and the firm which was not previously covered in the code. (C) We agree with the proposed revisions. These will be a constant reminder to the PAs, of the type of services they need to be careful about when they offer them to the audit clients.

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#	**Respondent**	**Extract of Comment**
2	Committee of European Audit Oversight Bodies	(a) We consider that the new paragraph 601.5 A2 is unhelpful to determine whether accounting and bookkeeping systems include automated services that are routine or mechanical. IT systems services can be complex systems but also simple models (for example, Excel). We suggest providing examples of what would be considered as mechanical/routine services and what would not. (b) The proposed examples of technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2 could be improved. It could be clarified that the "products or solutions" are related to technology and the arrangements could also include cases in which one or both parties use the product or solution developed for their internal purposes. (c) N/A
3	Irish Auditing and Accounting Supervisory Authority	(a) We consider that the new paragraph 601.5 A2 is unhelpful to determine whether accounting and bookkeeping systems include automated services that are routine or mechanical. IT systems services can be complex systems but also simple models (for example, Excel). We suggest providing examples of what would be considered as mechanical/routine services and what would not. (b) The proposed examples of technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2 could be improved. It could be clarified that the "products or solutions" are related to technology and the arrangements could also include cases in which one or both parties use the product or solution developed for their internal purposes. (c) N/A
4	Independent Regulatory Board for Auditors	We support the above mentioned proposed revisions. However, regarding R601.5, we question whether the reference to "mechanical" is still appropriate, as this term overlaps with the new term "automated". We suggest that "mechanical" be removed from the Code as "routine" is all-encapsulating and avoids ambiguity.
5	International Forum of Independent	Overall, IFIAR is supportive of the changes made to Parts 4A and 4B. We support the addition of paragraphs 400.16.A1. This paragraph would codify what many professional accountants have, based on our experience, taken as the position on a principle's basis, though we suggest that the material be further revised to make clear that this requirement applies

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	Audit Regulators	regardless of the level of professional judgment required in providing the service, and that this should be linked more strongly to the material on "routine or mechanical". We also believe that the material could be further enhanced to include a discussion of the professional accountant's need to consider if the proposed provision of a service is in relation to a financial or a non-financial system as this factor may influence the significance of the threat to independence.
6	International Organization of Securities Commissions	N/A
7	National Association of State Boards of Accountancy	*(a) NASBA supports the proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services so long as the PA does not assume management's responsibility over such services.* *(b) NASBA supports the additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2.* *(c) NASBA supports the proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections.*
8	UK FRC	Overall, the FRC is supportive of the changes made to Parts 4A and 4B. a) We support the addition of paragraphs 400.16.A1. This codifies what many professional accountants have, based on our experience, taken as the position on a principles basis. We don't disagree with the addition of paragraph 601.5.A2, though caution should be taken to ensure that readers do not equate "automated" with "routine or mechanical". There are many processes that have a degree of automation which are not routine or mechanical, and there is likely to still be substantial human input as some stages of an "automated" process, including review of outputs. Additionally, the phrase "how the technology functions" is quite generic, and we would support the inclusion of more specific factors for consideration, potentially with an example. b) We support the proposed examples. c) As above, we are supportive of the clarity provided by the proposed revisions to paragraphs 520.7.A1 and 600.6 and agree that the NAS provisions should apply to the provision, sale, resale, or licensing of technology to audit clients.

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#	**Respondent**	**Extract of Comment**
		Our experience indicates that this is widely understood to be the case in practice and these revisions to the Code support already established approaches to this issue. We would however encourage the IESBA to include additional clarity on "indirect" provision of services as we have encountered a number of scenarios where professional accountant firms have developed software for non-audit clients, who subsequently use this software to provide a service to the firms audit clients. In these scenarios identifying the subsequent threats to independence and objectivity is complicated and involves considering a number of factors. This could be addressed with the addition of an example which covers the factors a professional accountant should consider in this situation.
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards Board (Australia)	A. APESB supports proposed paragraphs 400.16 A1 and 601.5 A2 and A3. A common misconception that automated services are 'routine or mechanical' was encountered when APESB developed the Independence Guide – Fifth Edition in conjunction with CA ANZ, CPA Australia and IPA. This was particularly the case regarding accounting and bookkeeping services provided to self-managed superannuation fund (SMSF) audit clients. APESB believes the proposed revisions in paragraph 601.5 A2 highlighting that accounting and bookkeeping services can be manual or automated and that automated services are not necessarily 'routine or mechanical' will help dispel the above misconception. However, we believe the terminology '*whether the technology is based on expertise or judgments of the firm or network firm*' requires clarification (refer to discussion and recommendation in Question 1 above). APESB agrees with the commentary in paragraph 46 of the Technology ED Explanatory Memorandum that automated services could result in the assumption of management responsibility. This was another matter addressed in the Independence Guide – Fifth Edition and scenarios relating to SMSF audit clients. APESB note the NAS revisions to the IESBA Code added the reference in paragraph 601.5 A2 (now proposed paragraph 601.5 A3) to paragraph R400.14 (now paragraph R400.16). APESB believes a reference to proposed

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(c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).

#	Respondent	Extract of Comment
		paragraph 400.16 A1 in proposed paragraph 601.5 A3 would also be beneficial to emphasise further that when technology is used in accounting and bookkeeping services provided to an audit client, management responsibility requirements apply regardless of the nature or extent of technology used. B. APESB supports the proposed amendments and the new example of a close business relationship in paragraph 520.3 A2. APESB agrees that the examples in paragraph 40(a) and (b) of the Technology ED Explanatory Memorandum are likely covered by the second bullet point of paragraph 520.3 A2 and with IESBA's approach set out in paragraphs 40 to 41 of the Memorandum. However, some stakeholders at APESB's Roundtable believed the proposed changes to Section 520 appear 'piecemeal' and a more holistic review may be warranted. C. APESB supports the proposed revisions to remind accountants that the use of Technology in non-assurance services to an audit client (proposed paragraph 600.6) or to provide, sell, resell or license Technology to an audit client (proposed paragraph 520.7 A1) results in the application of Section 600 of the IESBA Code.
10	New Zealand Auditing and Assurance Standards Board	a) Yes, the NZAuASB supports the proposals and does not have further comments. b) Yes, the NZAuASB supports the proposals and so did the majority of the New Zealand stakeholders we polled during our online webinar. c) Yes, the NZAuASB supports the proposals and so did the majority of the New Zealand stakeholders we polled during our online webinar.
Professional Accountancy Organizations		

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#	**Respondent**	**Extract of Comment**
11	Association of Accounting Technicians	AAT has no objections to the proposed revisions, noting that the definitions and examples are generally neither proscriptive nor exhaustive and therefore allow for professional judgment.
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We are generally supportive of the technology-related proposals in respect of audit and review engagements in the International Independence Standards (**IIS**) to clarify and refine the revised Non-Assurance Services (**NAS**) provisions that were issued in April 2021. However, we have identified some areas of concern, and these are highlighted in our responses, where appropriate. We support proposed paragraphs 400.16 A1, 601.5 A2 and A3 as they provide clarity for services that are "routine or mechanical". What constitutes a routine or mechanical service, and where the boundaries are for a routine and mechanical service, has created confusion for PAs and resulted in the incorrect application the Code. In paragraph 601.5 A3 we suggest including a cross-reference to proposed paragraph 400.16 A1 in addition to paragraph R400.16. This additional cross-reference will provide further clarity when considering manual or automated services. We support the additional proposed examples to clarify the technology-related arrangements in paragraph 520.3 A2 that constitute a close business relationship. Extending distribution to include selling, reselling, developing and licencing products or solutions clarifies the inclusion of technology-related arrangements. We believe the Code should provide high level, principles-based guidance on ethical issues. The inclusion of detailed examples (as provided at paragraphs 40-42 of the Explanatory Memorandum) of such technology-related arrangements would add further complexity which we believe would be unwelcome and unnecessary. We support the proposed application material at paragraph 520.7 A1 which reminds PAs that providing, selling, reselling or licencing technology to an audit client will require the PA to apply the NAS provisions contained in Section 600. However, it is not clear how the inclusion of proposed paragraph 600.6 (a) around the use of technology should be applied when considering the NAS provisions.

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13	Association of International Accountants	Yes. We welcome the application materials relating to complex circumstances proposed in paragraphs 120.13 A1 to A3 but have some concerns that the terminology around complex and its distinction from complicated may be unfamiliar to accountants if they are not familiar with the paper 'Complexity and the professional accountant: Practical guidance for ethical decision-making' which does provide a detailed explanation of the distinction between 'complicated' versus 'complex. The distinction between these two terms is important and the Code needs to properly reflect this.
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	**(A)** To ensure the proper application of paragraph 400.16 A1, PEEC recommends that the IESBA clarify the scope of the paragraph. The referenced requirements apply for all professional activities with audit clients, and the new paragraph does not provide any insight to a professional accountant on how the use of technology might impact their evaluation of compliance with the requirements. If the scope cannot be clarified, PEEC recommends that the paragraph be excluded. To ensure the proper application of paragraphs 601.5 A2 and 601.5 A3, PEEC requests clarification as to the relevancy of how the technology functions when determining whether an automated service is routine or mechanical. If the IESBA decides not to include such clarification, PEEC recommends replacing the phrase as follows (deleted text in strikethrough and additions in bold italic): Accounting and bookkeeping services can either be manual or automated. In determining whether an automated service is routine or mechanical, ~~factors to be considered include how the technology functions and~~ a ***firm may consider*** whether the technology is based on expertise or judgments of the firm or a network firm. **(B)** PEEC supports the revisions to paragraph 520.3 A2. **(C)** PEEC does not support adding paragraph 520.7 A1 to the "Business Relationships" section because it melds independence requirements for business relationships and non-assurance services (NAS). In addition, this paragraph concludes that the requirements and application material in Section 600 apply even though footnote 17 acknowledges that the NAS provisions may not be relevant. PEEC does not support adding paragraph 600.6 as currently drafted because it is inconsistent with the explanatory memorandum. PEEC believes that the explanatory memorandum makes it clear (through footnote 17) that when a firm resells a product developed by a third party, these "pass-through" situations do not always result in a firm providing a non-

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		assurance service that would be subject to the requirements and application material in section 600. Rather, the firm is "prompted to consider whether the NAS provisions are relevant." To address the inconsistency between the explanatory memorandum and the standard, PEEC recommends that paragraph 600.6 either be revised to align with the explanatory memorandum or excluded from the Code.
15	ASSIREVI	N/A
16	Botswana Institute of Chartered Accountants	We support the proposed revisions.
17	Compagnie Nationale des Commissaires aux Comptes	[while they don't answer question 9 directly, they say this about 601.5, which is related to question 9:] - With respect to paragraph 200.6 A2 and the fourth bullet "*Whether the technology incorporates expertise or judgments of the accountant or the employing organization*" and to paragraph 601.5 A2 "*Accounting and bookkeeping services can either be manual or automated. In determining whether an automated service is routine or mechanical, factors to be considered include how the technology functions and whether the technology is based on expertise or judgments of the firm or a network firm*", the sentence "*whether the technology is based on expertise or judgments of the firm or a network firm"* is too wide and therefore needs clarification. Are we talking about a technological tool that has been configured upstream by the professional, in agreement with the client? How extensive could this configuration be allowed to be ?
18	CPA Australia	A. While generally supportive of the proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services, CPA Australia suggest that the IESBA considers providing more clarity on the wording proposed paragraphs 601.5 A2, that states that factors to be considered included "how the technology functions" To what extent and at what level are professional accountants expected to have an understanding of the manner in which particular technology functions?

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		B. CPA Australia supports the additional proposed examples to clarify the technology-related arrangements that constitute a clase business relationship in paragraph 520.3 A2. C. CPA Australia questions the need for paragraph 600.6. The provisions and proposed revisions included in sub-section 606 are arguably sufficient. Moreover, the IESBA might wish to consider the impact of this overarching statement in the Introduction to Section 600 on small- and medium-sized entities (SMEs) and practices (SMPs). With respect to paragraph 600.9 A2, it is not clear that the proposed wording in the third dot point concerning the client's level of dependency on a non-assurance service, is an appropriate factor to consider. Arguable, if a client organization is engaging a professional services firm to provide a non-assurance service, that client is dependent on that service; otherwise, it would merely do the work itself. CPA Australia recommends the deletion of that proposed third dot point. Furthermore, this is an example of a proposed revision to the Code that does not relate specifically to a technology-related matter, and hence begs the question of whether the title of the Exposure Draft is correctly identifying the content of the proposed revisions.
19	Chartered Professional Accountants Canada Public Trust Committee	A. Overall, the PTC supports the IESBA's intent in proposing the revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services, to clarify that automated services are not always "routine or mechanical." However, we note that while proposed paragraph 601.5 A2 makes clear that professional judgement is required to determine whether an automated service is routine or mechanical, the IESBA has not made a similar clarification while providing the list of examples of services that might be regarded as routine or mechanical in proposed paragraph 601.5 A3. The PTC notes that the paragraphs 601.5 A3 and 601.5 A2 can better complement each other if IESBA further strengthens the paragraph 601.5 A3 by adding another sentence to clarify that the examples provided should be

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		further evaluated in the context of proposed paragraph 601.5 A2, to ensure that no management responsibility is assumed and that the services performed are in fact routine and mechanical. In addition, we recommend that the IESBA considers making reference, within these proposed paragraphs, to Subsection 606 – Information Technology Systems Services, specifically to the Risk of Assuming Management Responsibility and Potential Threats Arising from the Provision of IT Systems Services, which provides helpful clarification. We observe that rapidly evolving technology and related business processes could lead to lists of examples such as those in proposed paragraph 601.5 A3 losing relevance over time, because they are no longer exhaustive or become otherwise outdated. We think that a rebuttable presumption may be useful for the IESBA to consider in future revisions, in cases when a list of factors or circumstances that PAs should evaluate would still require the application of significant professional judgement. The use of a rebuttable presumption would, in our view, force consideration of the independence threat, even when services appear to be routine or mechanical, for example. B. The PTC supports the additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship. Our stakeholders also suggest the addition of non-authoritative guidance material on how these examples apply in practice. C. The PTC agrees with the proposed revisions because it may not be obvious that the non-assurance services (NAS) provisions apply in these circumstances.
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	a) 400.16 In agreement, although the approach based on principles interprets 400.15 with this scope. 601.5 A2. We agree with the revision, although the definition of the basis for determining whether an automatic service is routine or mechanical could be clearer. The reference to the firm's experience or judgment in determining that an automated service is routine or mechanical seems to infer that, if the technology is based on professional experience and judgment, it would not be "routine or mechanical." 601.5 A3. It only adds the specification "manual or automated", it is explanatory and consistent with 601.5 A2.

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		b) We agree, although the term solutions is generic, and although it includes technological ones and current common use infers that meaning, it would be more explicit to include the term "technological" Regarding paragraphs 40 to 42, in agreement with the non-inclusion of examples, given that it could limit the approach based on principles of the code and probably, the irruption of technological innovations the validity of its contents. c) According to proposed paragraph 520.7 A1, it is a direct reference to Section 600, and finds its explicit correlate in proposed 600.6
21	Hong Kong Institute of Certified Public Accountants	A. We support the proposed revisions which clarify factors to consider in determining whether an automated accounting or bookkeeping service is "routine or mechanical". For the purposes of proposed paragraph 601.5 A2, we suggest further factors be given to assist PAs' consideration, for example, types of information, data or material referred to in paragraph 601.5 A1(a) and the extent that they are automatically generated or input manually. B. We support the inclusion of the proposed examples to drive consistency in practice. Since it is not possible for the IESBA to capture all examples of a "close business relationship" from an ethics perspective, we urge the IESBA to consider developing a general principle to assist PAs' assessment and application in practice. C. We agreed with the proposed revisions. Given the continual prevalence of technology-related activities or services, it is important that the non-assurance services (NAS) provisions are properly considered in a PAs' course of professional activities.
22	Ibracon – Instituto de Auditoria Independente do Brasil	A. In relation to the paragraph 400.16 A1 we understand that the individual designated by the client's management should also understand the technology used in the professional activity in order to oversight this activity. However, the Code should not use the term "regardless" because there are circumstances that the professional activity just uses technology for specific purpose or for minimum process in that activity where having knowledge or not about that technology would not impact the oversighting. B. Yes. We support the additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in the proposed paragraph.

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		C. We do not see negative impacts in having reminders in parts of Code. We just emphasize that those paragraphs or comments should be consistent with the entire Code.
23	Institute of Chartered Accountants in England and Wales	ICAEW agrees with these proposals.
24	The Institute of Chartered Accountants of India	(i). With regard to Paragraph 601.5 A2, ICAI prohibits bookkeeping and accountancy services along with audit. There is complete prohibition on the same. (ii). The distinction of a service as routine or mechanical or otherwise appears to be fine, although it is subject to deliberation at ICAI. (iii) It is not allowed by ICAI to accountants to engage in any other business/ occupation, irrespective of whether they are Auditors or not. Therefore, PAs cannot provide, sell, or resell technology.
25	The Institute of Chartered Accountants of Nigeria	N/A
26	The Institute of Chartered Accountants of Scotland	A. Yes – we support the proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services However, we note that Paragraph 45 of the Explanatory Memorandum states that: "Proposed paragraph 601.5 A2 further reminds users of the Code that automated NAS are not necessarily routine or mechanical" and Paragraph 46 states that: "In finalizing the technology-related proposals, the IESBA incorporated stakeholder feedback arising

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		from the NAS project which noted that automated services that appear to be "routine or mechanical" could, in substance, result in an assumption of a management responsibility." We would therefore suggest spelling this threat out further in the Code by adding an additional sentence to paragraph 601.5 A2: 601.5 A2 Accounting and bookkeeping services can either be manual or automated. In determining whether an automated service is routine or mechanical, factors to be considered include how the technology functions and whether the technology is based on expertise or judgments of the firm or a network firm. Automated services that appear to be "routine or mechanical" could, in substance, result in an assumption of a management responsibility. B. We agree with the additional proposed examples in paragraph 520.3 A2. The IESBA states that it believes that the second bullet of paragraph 520.3 A2 which states the following: "Arrangements to combine one or more services or products of the firm or a network firm with one or more services or products of the client and to market the package with reference to both parties." - covers a situation where firms are licensing software: (a) to their audit clients, who are in turn directly utilizing the technology in the delivery of services to their own customers/clients; or (b) from an audit client and directly using the technology in the delivery of services to their clients. We do not believe this to be clearly the case and the use of an additional example would be a helpful signpost for users of the Code. C. We agree with the proposed revisions in paragraphs 520.7 A1 and 600.6 to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600.
27	Institute of Certified Public Accountants of Uganda	We are supportive of the revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services. We absolutely agree with the principle that firms or network firms should not assume management responsibility for audit clients as embedded in the Non-Assurance Services Provisions of the Code. We support the approach of not providing additional examples to clarify the technology-related arrangements that constitute close business relationships as this is in sync with the principles- based approach of the Code. Additionally, we support the proposed revisions to remind professional accountants providing, selling, reselling or licensing technology to an audit client to apply the Non- Assurance Services provisions in Section 600, including its subsections. As indicated in the survey results for question 6, majority of the respondents (71%) agreed with the requirement to maintain independence in all their professional engagements.

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28	Instutute der Wirtschaftsprüfer (Germany)	*601.5 A2* As regards the term "expertise", it needs to be clarified, whether expertise is meant in the sense of the auditor having put professional expertise into the development of the (software of the) technology or whether it is meant in the sense of the skill of using this specific technology. *520.7 A1* While the explanatory memorandum (Chapter II.C.8) points out that the term "technology" is broad and is meant to encompass all technologies, it might be useful to include a definition into the Code itself.
29	ISCA	Extant paragraph R520.4 prohibits a firm, a network firm or an audit team member from having a close business relationship with an audit client or its management unless any financial interest is immaterial and the business relationship is insignificant to the client or its management and the firm, the network firm or the audit team member, as applicable. We do not think that proposed paragraph 520.7 A1 is necessary as extant paragraph R520.4 would already prohibit a firm, a network firm or an audit team member from having any "close" business relationship with an audit client, including technology-related arrangements. Also, it duplicates proposed paragraph 600.6(b). Hence, we suggest that IESBA remove this proposed paragraph.
30	Japanese Institute of Certified Public Accountants	We support the proposed revisions including (a), (b) and (c
31	KICPA	(a) We support the proposed revisions as they clearly distinguish automated services from "routine or mechanical" services. (b) We support the inclusion of joint technology sale or licensing arrangements as an example of business relationship. (c) We agree with the proposed revisions as they make clear that providing, selling, reselling or licensing technology constitutes the provision of non-assurance services.

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32	Malta Institute of Accountants	(a) Yes. (b) No comments. (c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6). MIA needs clarity as to the extent of what technology covers in 600.6. Does this go as far as, for example, including Microsoft Excel?
33	Malaysian Institute of Accountants	In respect of proposed revisions in paragraphs 400.16 A1, we find that its relationship to "routine or mechanical" services is not evident. From our perspective, the paragraph sets out to address manual and automated services; that when non-assurance services provided by the professional accountant are automated, the prohibition relating to management responsibility still applies. If this is not the intention of the paragraph, we would advise that the IESBA review and revise the wordings to make it clearer. With paragraph 601.5 A2, we are concerned with the inclusion of the phrase "how the technology functions" as we do not believe this provides a definitive answer as to whether the services are routine or mechanical. In addition, this factor may cause confusion as it could be interpreted as a factor for considering whether the services are manual or automated, rather than in determining if the service is routine or mechanical. We support the additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship. However, we would also suggest the inclusion of the definition of "business relationship" to the Code in order to clarify what constitutes a business relationship to support consistent application of the Code. We also noted that this is a possible area that will be dealt with under the Strategy & Work Plan for 2024-2027. Regarding the proposed revisions to remind professional accountants on providing, selling, reselling or licensing technology, we agreed with the IESBA's position. From the perspective of an audit firm, a self-review threat may arise when the firm sells technology to an audit client regardless of whether the technology was developed by the audit firm or otherwise. The audit firms may not, perception-wise, have the objectivity to provide feedback on the technology if the said

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		technology is also promoted or provided by the audit firm. In this case, non-assurance service provisions and the relevant prohibitions should therefore, apply when an audit firm resells technology to an audit client.
34	NBA	N/A
35	South African Institute of Chartered Accountants	A. The profession supports the revisions of paragraphs 400.16 A1, 601.5 A2 and A3. B. The profession supports the proposed additional examples. C. The profession supports the proposed revisions to remind professional accountants providing, selling, reselling, or licensing technology to an audit client to apply the NAS provisions in Section 600.
36	Society of Certified Accountants and Auditors of Kosovo	We generally support the proposed revisions. We wonder, however, whether 600.6 is best included in the opening paragraph 600.1 or just after.
37	Thailand Federation of Accounting Professions	(a) Yes we support (b) Yes we support (c) Yes we support

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Firms		
38	BDO International Limited	a. BDO supports the proposed revisions in paragraphs 601.5 A2 and A3 relating to "routine and mechanical" services in clarifying that the principles contained in the IESBA Code apply regardless of whether the services are provided by a person or technology employed by the firm. With respect to proposed paragraph 400.16 A1, BDO does not see the link to "routine or mechanical". This proposed addition rather addresses manual or automated services in clarifying that even when non-assurance services provided by the PA are automated, the prohibition relating to management responsibility applies. While we do not object to the proposed addition, if this is not the intention, BDO encourages the IESBA to review the wording. BDO questions whether it is appropriate to include "how the technology functions" contained in proposed paragraph 601.5 A2 as a consideration as this does not result in a definitive answer as to whether the services would be routine or mechanical. Furthermore, the factor "how technology functions" could be interpreted as a factor for considering whether the services are manual or automated and not in determining whether the service is routine or mechanical. To this end, BDO suggests that proposed paragraph 601.5 A2 be deleted and the wording of proposed paragraph 601.5 A1 be amended as follows: Accounting and bookkeeping services, whether manual or automated that are routine or mechanical: BDO questions why similar revisions were not proposed to 602.3 A1. To this end, BDO recommends that the wording of this paragraph be amended as follows: Such services, whether manual or automated, require little to no professional judgment and are clerical in nature.

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(b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum.
(c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).

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		b. BDO supports the additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. Having said that, BDO believes that the existence of a business relationship between the firm and the client purchasing the technology will depend on an agreement between the firm and the said client relating to the transaction. In cases where the agreement is solely between the third-party provider and the client, BDO believes this will not constitute a business relationship. Application material to explain this will be useful. As part of future amendments to the IESBA Code, BDO suggests that a definition of "business relationship" be added to the IESBA Code to clarify what constitutes a business relationship to support the consistent application of the IESBA Code. c. BDO supports the proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections. Having said that, BDO recommends expanding the proposed provisions of the IESBA Code specifically as it relates to reselling as explained in paragraphs 38 to 40 below. Reselling No definition was proposed for "reselling". BDO believes that a definition of "reselling" is important, especially in the light of paragraph 39 of the explanatory memorandum, which indicates that the intent of IESBA is to include instances when reselling consist of a "pass-through" of products developed by third parties to audit clients with no other services attached or could also combine ancillary/ associated services provided by the firm or a network firm with the product being resold. For the definition of "reselling", BDO also believes that it would be important to consider any commission that might be received and how a lack of compensation would impact whether the act constitute "reselling". More clarity is requested on how the self-interest threat will result from the reselling of the technology, where the firm is not a party in the transaction between the third-party technology provider and the client.

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		Advice and recommendations: BDO believes that additional guidance relating to circumstances when a firm only provides advice and recommendations to an audit client regarding the purchasing of technology, without being a party in the transaction will be useful.
39	Deloitte Touch Tohmatsu Limited	A. Comments on paragraph 400.16 A1 Deloitte Global questions the need for this new paragraph. The prohibition on assuming management responsibilities for an audit client is an overarching requirement. Including a separate paragraph in this general section stating that a requirement paragraph applies when using technology might imply that there are other circumstances in the Code where the requirement does not apply. Moreover, we are concerned that the wording in proposed paragraph 400.16 A1 implies that the use of technology in itself will involve assuming a management responsibility "regardless of the nature or extent of such use". Further, the wording "when technology is used in performing a professional activity" is too broad and unclear in its application. When read literally, the day-to-day activities such as the use of email by a professional accountant could be included by this phrase. If the Board deems this paragraph truly necessary, the Board should consider rephrasing the wording to not extend the application of this paragraph to the conventional use of technology, such as email or word processing software, in providing a service. Comments on paragraph 601.5 A2 and amended paragraph 601.5 A3 relating to "routine or mechanical" services Deloitte Global finds the overall intention and application of these proposed paragraphs unclear. The ED states that the intention is to acknowledge that accounting and bookkeeping services can either be manual or automated, and to prompt consideration of how technology affects an assessment of whether an automated accounting or bookkeeping service is "routine or mechanical." However, is it unclear how the assessment set out in paragraph 601.5 A2 is intended to lead the professional accountant to a conclusion. In Deloitte Global's view, the key determination is the underlying nature of the service. If the activity would be considered routine and mechanical if carried out manually, the fact that the service is delivered in an even faster, more automated way should not

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(c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).

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		change that conclusion even if there was complexity involved in automating that service through technology. Conversely, if the manual provision of a service required the application of complex calculations and considerations, the automation of that same service which now allows it to be delivered with a "click of a button" would not render it routine and mechanical. We suggest for the proposed paragraph to simply state the underlying nature of the service needs to be considered and whether it is deemed to be routine and mechanical is not affected by whether such service is provided manually or through technology. B. Deloitte Global is supportive of the additional proposed examples of arrangements that constitute a close business relationship, and agrees with the commentary in paragraphs 40 to 42 of the explanatory memorandum that further examples are not required. C. Deloitte Global does not support the proposed revisions and is concerned that the interaction between the non-assurance service and business relationship provisions in the Code, which cover very different relationships, will become unclear. Deloitte Global specifically disagrees with the notion that the resale of third-party technology is equivalent to a non-assurance service that requires assessment under Section 600 – a scenario that the Board itself acknowledged in the footnote to the ED. However, taking into consideration the background of the Board's decision to include the proposed revisions, we support the premise that a user of the Code should be reminded that Section 600 applies with respect to technology developed by a firm or network firm.
40	Ernst & Young Global Limited	We are generally supportive of the proposed revisions to the International Independence Standards and have addressed the specific question under points (a), (b) and (c) below. In addition to these comments, we also support the revision to paragraph 660.9 A2 to add a factor related to the client's dependency on the service. However, because the frequency with which the service is provided may not in all cases relate to the dependency of the client on the service, we propose that these should be listed as separate points. *9.(a)*

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(b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum.
(c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).

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		With regard to proposed paragraph 400.16 A1, it is important to understand the context in which technology is employed when considering how this application material is to be applied. With developments in technology, many of the professional service activities historically performed by a PA can now be performed by technology (i.e., automated services). This can be contrasted with situations in which a PA is performing the professional service activity but is using technology internally to aid or assist the PA in performing the professional service activity. It would appear that in proposed paragraph 400.16 A1 the Board is trying to address those situations in which the technology is performing an activity or function and takes the place of a PA in providing the professional service activity to the audit client. In order to make this distinction clear, we propose the following edits to proposed paragraph 400.16 A1: 400.16 A1 When activities or functionality that comprise the professional service are performed by technology ~~is used in performing a professional activity~~ for an audit client, the requirements in paragraphs R400.15 and R400.16 apply regardless of the nature or extent of such use of the technology. With regard to proposed paragraph 601.5 A2, it is not readily clear what is intended by including as a consideration "whether the technology is based on expertise or judgments of the firm or network firm." In developing technology, the developer will necessarily use expertise and apply judgements in the development process. Therefore, including this phrasing would seem to indicate that proposed paragraph 601.5 A2 is suggesting that technology developed by a firm or network firm would not be considered as routine or mechanical because the firm had applied its expertise and judgement in the development of the technology. It would seem that the more relevant consideration is whether the technology provides as part of an automated service the expertise or judgements of the firm or network firm. If the technology provides the expertise or judgement of the firm or network firm, it would not meet the criteria of routine or mechanical as set out in paragraph 601.5 A1. We therefore propose the following edit to proposed paragraph 601.5 A2: 601.5 A2 Accounting and bookkeeping services can be either manual or automated. In determining whether an automated service is routine or mechanical, factors to be considered include how the technology functions and whether the technology ~~is based on~~ provides an automated service that includes the expertise or judgements of the firm or a network firm.

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		<u>*9.(b)*</u> We support the additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. <u>*9.(c)*</u> We agree that the NAS provisions are relevant when a firm provides, sells, resells or licenses technology that performs NAS (see also our response to question 9, part (a) above). When the technology performs a function or activity that takes the place of a PA in providing the professional service activity to the audit client, we believe Section 600 of the Code must be considered. Likewise, we agree that selling, reselling or licensing technology (for purposes of our response only, we will refer to these activities collectively as "distributing") has the potential to create a business relationship. This is because when technology is distributed, there is typically contractual terms and conditions between the firm that distributes the technology and the end customer that are specific to the distribution of the technology, for example an end user license agreement, warranty provisions related to the technology, and liability provisions for losses or damages stemming from the use of the technology. However, we believe that proposed paragraphs 520.7 A1 and 600.6(b) are too broadly formulated and create a risk of the application material being misunderstood, and therefore applied incorrectly. We believe there are a number of factors that would need to be considered in determining whether or not the distribution of technology creates a close business relationship or represents a non-assurance service, and therefore subject to the requirements and application material of Sections 500 and 600, respectively. These factors would include, among others, whether the technology is owned by the firm or by a third party; whether or not the firm is a party to the end user license agreement, warranty and liability provisions, etc., that are specific to the technology; whether or not the distribution of the technology is an integral component of a professional service being provided by the firm; whether or not the firm has other obligations related to the technology, for example maintenance, hosting, etc. We believe guidance on considering such factors could be provided outside of the Code, for example in non-authoritative materials. But we propose the following edits to proposed paragraphs 520.7 A1 and 6006.6 which we believe will enhance their clarity:

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		520.7 A1 If a firm or network firm provides, sells, resells or licenses technology that performs activities or functionality that comprise a non-assurance service to an audit client, the requirements and application material in Section 600 apply. 600.6 The requirements and application material in this section also apply in those circumstances where~~:~~ ~~(a) A firm or a network firm uses technology to provide a non-assurance service to an audit client; or~~ ~~(b)~~ ~~A~~ a firm or network firm provides, sells, resells, or licenses technology that performs activities or functionality that comprise a non-assurance service to an audit client.
41	GTIL	(a) The proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services. GTIL supports the proposed revisions in paragraphs 400.16 A1 and 601.5 A2 and A3. However, we believe the terminology "whether the technology is based on expertise or judgments of the firm or network firm" requires clarification. It is not clear what the IESBA's intent is, and clarification would assist the firm in their analysis and application of the proposed standards. (b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum. GTIL supports the additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.2 A2, however we believe the addition of examples to clarity technology related arrangements that constitute close business relationships would be beneficial. Accounting firms are entering into selling or licensing arrangements with their audit clients, who are in turn directly utilizing the technology in the delivery of services to their own customers/clients, or where the accounting firm enters into a similar arrangement with the audit client and the accounting firm is using the technology in the delivery of services to their clients.

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		Given the various scenarios that could constitute a close business relationship, we believe the IESBA should consider providing additional scenario-based examples or a practice aid to help professional accountants better understand the impact they have on independence. (c) The proposed revisions to remind PAs providing, selling, reselling, or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6). GTIL supports the proposed revisions to remind professional accountants providing selling, reselling or licensing technology to an audit client to apply NAS provisions in section 600, including its subsections. However, we believe this guidance is better placed in the introduction of section 600 so that the linkage to non-assurance services is clear and more prominent to professional accountants. Furthermore, the new provisions need to clearly delineate guidance for technology business relationships that do not involve the performance of non-assurance services, such as when a firm resells a third-party system to an audit client and there are no other obligations of the professional accountant. These types of arrangements are becoming increasingly prevalent, however the proposed provisions do not address them. Therefore, we recommend the IESBA should consider including additional guidance to explain the independence requirements for these types of business relationships with audit clients.
42	KPMG	(a) & (b) We agree with these proposed revisions. (c) We do not agree that the addition of the NAS reference to section 600 requirements is necessary or appropriate in section 520. Proposed paragraph 520.7 A1 is redundant with 600.6 and including the reference in section 520 may give the impression that the selling or reselling of technology alone creates a business relationship that needs to be evaluated under the requirements of section 520 and we do not believe this to be the case. In addition, given the independence considerations for a business relationship are not the same as those for the provision of a non-assurance service, the inter-relationship between the two created by the inclusion of the NAS reference may confuse the user of the Code.

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43	MNP LLP Canada	*Routine or Mechanical Services:* The ED proposes revisions relating to "routine or mechanical services" in paragraph 400.16 A1, and when providing accounting and bookkeeping services in paragraphs 601.5 A2 and A3. Paragraph 601.5 A2 highlights that the factors to be considered in evaluating whether an automated service is "routine or mechanical" includes how the technology functions. With advancements in technologies that support accounting and bookkeeping services, such as the ongoing and expanding usage of cloud-based solutions, there is increased complexity in understanding whether an automated solution is considered "routine or mechanical". A challenge when using third-party cloud service providers is the PAs' ability to fully understand, or access, the source code to assess the complexity of the functionality and the automated processing that may be taking place within the solution. This lack of transparency to the end user makes it difficult for PAs to assess whether the technology is, or is not, routine or mechanical. However, standard functions provided by a third-party service provider may pose little or no threat to PA independence. Therefore, additional guidance and application materials to assist PAs in performing this assessment should be considered. Overall, we agree that PAs in public practice should hold a general understanding of the technology process, be it routine or mechanical. When technology is used in performing a professional activity for an audit client, we agree with the requirement that the firm shall not assume a management responsibility and that the firm be satisfied that the client's management makes all judgements and decisions that are the proper responsibility of management. *Close Business Relationships:* The ED clarifies the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2 to include when a firm sells or resells the client's products or services, and vice versa, and/or arrangements under with the firm develops technologies jointly with the client. A key differentiator of technology companies is that many software companies only sell their products through resellers as they have chosen not to build a sales team as part of their business model. This type of business model should not automatically trigger the resignation of a firm as auditor of that software company due to the close business relationship independence rules. While we understand that including examples of close business relationships may detract from the principles-based nature of the Code, in this area, providing additional application material would be helpful in better understanding the nature of close business relationships related to technology that may be of most concern to the IESBA and the interrelatedness with the guidance in paragraphs 520.6 A1 and A2 with respect to buying goods or services from an audit/review client. For example, if a firm purchases software in bulk from an audit/review client which it resells to other clients as part of its

Question 9: Do you support the proposed revisions to the International Independence Standards, including: (a) The proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services. (b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum. (c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).		
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		bookkeeping service line, we would not consider this to create a close business relationship. In this situation, we would rely on the application material in paragraphs 520.6 A1 and A2 and conclude that the transaction is in the normal course of business and at market terms for a bulk purchase similar to an arrangement that would be negotiated with any other client who makes a larger order. Therefore, a threat to independence would not exist. *Non-Assurance Services:* We support the revisions in paragraphs 520.7 A1 and 600.6 to remind the PA that the NAS provisions in Section 600 apply for audit clients.
44	PricewaterhouseCoopers International Limited	We agree that an audit firm needs to assess whether it performs a management responsibility if it uses technology in performing a professional activity for its audit client. Hence, the references in the following proposed sections - 400.16 A1 to 400.15 and .16 - are reasonable. We recommend that it would be helpful to clarify under what circumstances a control embedded in a technology developed or hosted by an audit firm would constitute a management responsibility. Technology solutions often include controls like the monitoring of deadlines set by the user or a block of a process if a specific requirement is met. In our view, controls do not create a threat to independence resulting in a management responsibility provided that: - the control is routine and mechanical in nature, - the audit client decides on whether the control is fit for the client's purpose, and - the audit client decides on the action to be taken if such control takes effect. In order to avoid any misunderstanding, we believe that such a control embedded in a technology does not constitute a management responsibility. The Code could, however, be read today such that such a control might be a management responsibility due to the fact that the examples in 400.15 A3 include 'Take responsibility… for designing, implementing, monitoring or maintaining internal control'. However, we acknowledge that such a service might still create a self-review threat if the control relates to accounting records or information relevant for financial statement purposes. We recommend that this be clarified. In relation to 601.5 A2, we find the second sentence a difficult read. We suggest that consideration should be given to the substance of the service and what it does and "whether the technology delivers an outcome or deliverable that is in substance the same as the exercise of the firm's expertise or judgement".

Question 9: Do you support the proposed revisions to the International Independence Standards, including: (a) The proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services. (b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum. (c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).		
#	**Respondent**	**Extract of Comment**
		We agree with the proposed 601.5 A3. We concur with the amendments relating to business relationships. We suggest that the proposed new bullet in 520.3 A2 is amended as follows: 'Arrangements under which the firm or a network firm develops jointly with the client, products or solutions which one or both parties sell or licence to third parties for the benefit of both.' 520.3 A2 gives 'examples of a close business relationship arising from a commercial relationship or common financial interest'. This indicates that joint technology developments always result in a close business relationship. We believe that this is not appropriate under all circumstances. For example, there should not be a close business relationship if the contribution of the audit client is limited, it is not transparent to the customers of the "codeveloper", and the audit client is not involved in the distribution of the technology nor does it benefit commercially from it. We agree with the proposed revisions to remind Professional Accountants who provide, sell, resell or licence technology to an audit client to apply the NAS provisions.
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	a) Yes b) Not sure if the firm would have anything like this "Arrangements under which the firm or a network firm develops jointly with the client, products or solutions which one or both parties sell or license to third parties." c) No comment, we do not sell or resell or license technology to audit clients.
46	RSM International Limited	9. Do you support the proposed revisions to the International Independence Standards, including: (a) The proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services. Ans: Yes, we support the proposed revisions. However, we suggest the following addition to 601.5 A2 (additions emphasised in bold): "…factors to be considered include what the technology does, how the technology functions, the output of the technology, and whether…" For example, if the technology were to make complex calculations this might not be routine and mechanical. Similarly, if the output of the technology was to determine a course of action this also might not be routine and mechanical. These examples might not be identified when considering solely "how the technology functions".

Question 9: Do you support the proposed revisions to the International Independence Standards, including: (a) The proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services. (b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum. (c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).		
#	**Respondent**	**Extract of Comment**
		(b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum. Ans: Yes, we support this; close business relationships is a complex topic and it is helpful to include additional guidance related to how technology might be relevant. (c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6). Ans: Yes, we support this. In the Explanatory Memorandum it is stated that 24% of respondents to the survey titled "The Impact of Technology on Auditor Independence" did not think that NAS positions are relevant when a firm sells or licenses technology to a client. We agree that selling, reselling or licensing technology is a non-assurance service and so Section 600 should apply to those services. We therefore agree with the clarifications made in the proposed text.
Others		
47	IFAC Small and Medium Practices Advisory Group	The SMPAG questioned whether some of these provisions would apply to sustainability/ ESG assurance or whether they may need to be updated to reflect these services. We were also curious whether additional safeguards could be put in place to overcome the self-review threats as noted in 606.6.
48	Dr. Asha Sharma	N/A
49	Alvaro Fonseca Vivas	N/A

Question 9: Do you support the proposed revisions to the International Independence Standards, including: (a) The proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to "routine or mechanical" services. (b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum. (c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).		
#	**Respondent**	**Extract of Comment**
50	MindBridge	We are in a unique situation as our customers are CPA Firms. Our customers range from the Big4 to SMPs. Our tool does allow the ability for a firm to configure their methodology on our product and that could be considered a solution in the final bullet point of 520.3 A2. In those circumstance, the firm does not have access to our source code and is solely providing configurations and customizations for that firm. Those are similar services we provide to all customers that are in need of such services. We do permit firms, that would like to, to use our logo and other similar mentions in using our technology on their engagements as many firms find the use of advanced analytical tools to be a value proposition in their jurisdictions. The complexity that arises for us is that we have a financial audit as well. The additional final bullet point of 520.3 A2 could make it very difficult for us to find a reputable auditor and is likely the situation for many other organizations that create audit technology. While we are happy to go through determine appropriate safeguards for any true threats, we believe the inclusion of the point, may increase false positives of threat for providers of products that allow for configurations that enhance the value of outputs for PA's.

QUESTION 10

Question 10: Do you support the proposed revisions to subsection 606, including: (a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)? (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3? (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		
1	Botswana Accountancy Oversight Authority	(A) We are in support of the amendment due to the increasing ethical threats that are posed by the services. The Non-Assurance Services (NAS) provisions adequately address the scope of the ethical scenarios and recommended safeguards to dealing with the various ethical dilemmas. (B) We agree with the amendment. Performance of the work in this paragraph would invariably cause a management threat and give rise to self-review We agree. Even though the examples seem to be similar to the deleted 606.4.A2.
2	Committee of European Audit Oversight Bodies	The language of paragraph 600.6(b) should be expanded to include ongoing maintenance and support of IT systems as well as the provision of hosting services to audit clients. As noted in our comment letter dated 5 May 2020, relating to the IESBA Exposure Draft on Non-Assurance Services, paragraph R606.6 prohibits the provision of IT systems services to an audit client that is a PIE if the provision of such services might create a self-review threat. We note that European legislation prohibits the provision of design or implementation services for financial information technology systems to an audit client that is a PIE.[1] It would also seem helpful to retain the examples of prohibited IT systems services for PIE audit clients in paragraph 606.6 A1. [1] Article 5(1)(e) of the European Audit Regulation.
3	Irish Auditing and Accounting Supervisory Authority	The language of paragraph 600.6(b) should be expanded to include ongoing maintenance and support of IT systems as well as the provision of hosting services to audit clients. As noted in our comment letter dated 29 May 2020, relating to the IESBA Exposure Draft on Non-Assurance Services, paragraph R606.6 prohibits the provision of IT systems services to an audit client that is a PIE if the provision of such services might create a self-review threat. We note that European legislation prohibits the provision of design or implementation services for financial information technology systems to an audit client that is a PIE . It would also seem helpful to retain the examples of prohibited IT systems services for PIE audit clients in paragraph 606.6 A1.

Question 10: Do you support the proposed revisions to subsection 606, including:
(a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)?
(b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3?
(c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?

#	Respondent	Extract of Comment
4	Independent Regulatory Board for Auditors	A. We support the above-noted proposed revisions. The first part of the revisions in paragraph R606.3 (b) refers only to an individual, but we believe that some clients' governance structures may include a permissible arrangement in which this management responsibility is shared by two or more individuals. We therefore propose that "individual" be amended to "individual or individuals". B. We suggest that more examples should be included in paragraph 606.3 A1. C. In relation to paragraphs R606.6 and 606.4 A3, the proposed revisions do not deal with the situation where a non-audit client becomes an audit client. We are also concerned about situations where the technology provided to a client gets so integrated that it might not be commercially possible or feasible for the client to remove it. Therefore, it is recommended that the revisions include references to possible transition periods or safeguards for these scenarios. Otherwise, this may result in a significant loss of choice of auditors for clients in jurisdictions where mandatory audit firm rotation exists (as in South Africa). Therefore, the Code may need to address this likely situation. *Other* We note that SMEs and SMPs should be held to the same ethical standard as other entities and practices. We do, however, acknowledge that the removal of paragraph 606.4 A2 might have an impact on firms.
5	International Forum of Independent Audit Regulators	We encourage the IESBA to include additional material on the "indirect" provision of services. IFIAR believes that the examples in paragraph 606.3.A1 could be expanded, and that the example in 606.4.A3 could be more specific and include the "running/storing" of client's programs and data as this would be clearer and easier to apply in practice. We would also support additional material on managements responsibilities in relation to these services to aid in the practical application of these requirements.

Question 10: Do you support the proposed revisions to subsection 606, including: (a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)? (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3? (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?		
#	**Respondent**	**Extract of Comment**
6	International Organization of Securities Commissions	*600.9 A2* While we believe it is the Board's intent that the entire list provided in 600.9 A2 (revised), among others, are relevant in identifying and evaluating the level of different threats, we encourage the Board to enhance the application material to guide a professional accountant to consider the factors together when identifying and evaluating different threats. We make this observation since each item listed, for example the proposed "frequency with which the service will be provided" per 600.9 A2, may be insufficient in itself. *R606.6* We believe that this paragraph can be strengthened to also include IT system services where a firm or network firm assumes a management responsibility (e.g., appropriate linkage to R606.3 and the related application material)
7	National Association of State Boards of Accountancy	(a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)? NASBA agrees with the prohibition on services related to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function, because they result in the assumption of a management responsibility. (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c)18 and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat in proposed paragraph 606.4 A3? NASBA agrees with the withdrawal of the presumption in extant subparagraph 606.4 A2(c)18 and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat in proposed paragraph 606.4 A3. (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3? NASBA supports the other examples of IT systems services that might create a self-review threat as defined in paragraph 606.4 A3.

Question 10: Do you support the proposed revisions to subsection 606, including: (a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)? (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3? (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?		
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8	UK FRC	Overall, the FRC is supportive of the proposed revision to subsection 606 and agrees that the revisions serve to modernize the terminology within this section, better reflecting current practice and the technologies used to undertake engagements. a) We support the prohibition on services relating either to hosting of an audit client's data, or operating an audit clients network security, business continuity or disaster recovery functions. We agree that the provision of such services create an insurmountable threat to objectivity and independence. b) The extant reference to "off the shelf" is outdated and does not reflect the fact that most modern software packages require some degree of tailoring in order to function effectively in modern, data driven, entities. Additionally, many software as a service (SaaS) models require continual interaction between the software provider, which may be a professional accountants firm and the clients management, even when the software is itself "off the shelf". As such, we are supportive of the removal of paragraph 606.4.A2 and agree that the new paragraph 606.4.A3 is a sensible alternative. c) We are supportive of the material included within 606.4.A3 and agree that *"Designing, developing, implementing, operating, maintaining, monitoring or updating IT systems"* is sufficiently broad and captures the vast majority of potential information technology systems services that professional accountants may offer.
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards Board (Australia)	A. APESB supports the prohibition on hosting (directly or indirectly) an audit client's data or the operation of an audit client's network security, business continuity or disaster recovery function, where the service results in assuming management responsibility. Some stakeholders at APESB's Roundtable raised concerns that the proposed revisions are too broad, fail to recognise that nearly all information is now hosted in the cloud, and it is important to distinguish the nature of the data and the hosting service provided. However, APESB notes and supports proposed paragraph 606.3 A2 which states that the collection, receipt and retention of data for a permissible service would not usually result in an assumption of management responsibility.

Question 10: Do you support the proposed revisions to subsection 606, including: **(a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)?** **(b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3?** **(c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?**		
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		B. APESB supports the withdrawal of the presumption that providing 'off the shelf' accounting and finance software to audit clients does not usually create a self-review threat as such software is typically tailored to the client's requirements during implementation and might create a self-review threat. C. APESB supports the examples in proposed paragraph 606.4 A3 that might create a self-review threat and would therefore be prohibited from being provided to Public Interest Entity audit clients under paragraph R606.6.
10	New Zealand Auditing and Assurance Standards Board	**Response:** (a) Yes, the NZAuASB supports the proposals and so did the majority of the New Zealand stakeholders we polled during our online webinar. The NZAuASB considered if it is appropriate to place the prohibition of these services in application material as opposed to a requirement paragraph. The Code has two different approaches to the prohibition of certain services: 1. Prohibition included in application paragraph, for example in Section 605 Internal Audit Services Section 605 Internal Audit Services includes a requirement paragraph regarding risk of assuming management responsibility followed by an application material with examples of services that will assume management responsibility. The placement of the application paragraph in this part makes it clear that these are examples of services that are prohibited. The Exposure Draft proposes the same structure for IT system services. The application paragraph is placed directly under the requirement paragraph regarding what conditions needs to be met to ensure that a service does not assume management responsibility (paragraph R606.3). 2. Prohibition in a requirement paragraph placed in a separate subsection, for example in Sections 609 and 610 Sections 609 and 610 include subsections titled "Recruiting Services that are Prohibited" and "Corporate Services that are Prohibited". It could be argued that a similar subsection named "IT System Services that are Prohibited" could be

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(a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)?
(b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3?
(c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?

#	Respondent	Extract of Comment
		created in Section 606 to include hosting services and the operation of an audit client's network security, business continuity and disaster recovery function. Overall, we concluded that both approaches result in the same outcome, which is effectively a prohibition of the services. The NZAuASB also is supportive of proposed paragraph 606.3 A2. The explanation that hosting data for the purpose of performing permissible service is important clarification. It is common practice nowadays, that an audit client copies some client data and transfers it to software managed by the audit firm. The auditor only uses the data for the purpose of an audit or review engagement, and this does not result in assuming management responsibility. (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat in proposed paragraph 606.4 A3? **Response:** Yes, the NZAuASB supports the proposals and does not have further comments.c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3. (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3. **Response:** Yes, the NZAuASB supports the proposals and so did the majority of the New Zealand stakeholders we polled during our online webinar.
Professional Accountancy Organizations		

Question 10: Do you support the proposed revisions to subsection 606, including: (a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)? (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3? (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?		
#	**Respondent**	**Extract of Comment**
11	Association of Accounting Technicians	N/A
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	(a) We agree that hosting an audit client's data or supporting an audit client's network security, business continuity and disaster recovery processes may result in the assumption of management responsibility. However, proposed paragraph 606.3 A1 does not recognise or address that data is increasingly being stored in cloud-based applications which are not hosted by the audit client. We suggest it would be helpful to define the term 'hosting'; determine what constitutes the 'data provided by an audit client'; and differentiate types of audit client data provided, for example, client data which results in the assumption of a management responsibility and data which enables the provision of a permissible service. We support paragraph 606.3 A2 which clarifies the position that collecting, receiving or retaining data provided by an audit client for a permissible service does not result in the assumption of management responsibility. (b) We support the withdrawal of the presumption in extant subparagraph 606.4 A2 (c) which suggests that implementing "off the shelf" accounting or financial information reporting software where customisation was not required, did not usually create a self-review threat. It is likely that modifications, regardless of how minor, will be required and it is prudent for the PA to turn their mind to whether this may create a threat. When considering self-review threats that may impact the actual or perceived independence of the auditor, we support the removal of any assumption regarding whether the threat exists. (c) The examples of IT system services that might create a self-review threat are broad and may encompass systems or activities which do not interact with financial data subject to audit. As proposed paragraph 606.4 A3 is application material, we are not strongly opposed to its inclusion, however we recommend that the IESBA develop additional guidance or non-authoritative material to further demonstrate the intended extent of the paragraph.

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13	Association of International Accountants	We are concerned that the key difference between complex and complicated as discussed in the Complexity and the professional accountant – Practical Guidance for ethical decision making referred to above may not be sufficiently clear as the two terms are used interchangeably in common English and therefore a key aspect of the code may fail to be appreciated by users of the Code.
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	In addition to the specific concerns addressed below in items (a) and (b), PEEC believes that paragraph 606.2 A2 or an additional application paragraph should clarify that an IT system does not include a tool that performs only discrete calculations when the audit client evaluates and accepts responsibility for the input and assumptions and the audit client has sufficient information to understand the calculation and the results. (a) To ensure the proper application of the parenthetical text, "(directly or indirectly)" in the fourth bullet of paragraph 606.2 A1 and the first bullet of paragraph 606.3 A1, the IESBA should include the clarification from the explanatory material as application guidance within the Code. If such clarification is not added, then the IESBA should exclude the parenthetical text from the Code and consider providing guidance in the form of a Q&A. PEEC supports the other elements in paragraphs 606.3 A1 and 606.3 A2. (b) PEEC does not support these revisions. PEEC recommends that paragraph 606.4 A2 be maintained and include some examples of implementation services related to commercial off-the-shelf software 2 that do not create a self-review threat, including: ● Installing third-party technology onto the audit client's designated hosting site ● Configuring third-party technology based upon the audit client's selected features, ● Functionality options, and settings Interfacing third-party technology using an application programming interface that is not developed, distributed, maintained or supported by the firm or network firm ● Data translation services using an application programming interface that is not developed, distributed, maintained or supported by the firm or network firm

Question 10: Do you support the proposed revisions to subsection 606, including: (a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)? (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3? (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?		
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		To accommodate for these edits, PEEC recommends the following addition to the implementation bullet in paragraph 606.4 A3 (added text in bold italic): Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm, **except as provided for in 606.4 A2.** (c) PEEC supports the other components of paragraph 606.4 A3 and believes they properly limit the possibility of the creation of a self-review threat to situations in which the IT systems services form part of or affect an audit client's accounting records or system of internal control over financial reporting. The limitation allows non-public interest entities to implement safeguards against possible self-review threats.
15	ASSIREVI	As far as Section 600 is concerned, the following issues must be highlighted with reference to the wording used in some provisions. Subsection 606 ("*Information Technology Systems Services*") prohibits "*hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility*". In this respect, Assirevi believes that the wording "*directly or indirectly*" would deserve a clarification. In fact: (i) a hosting service per se does not result in assuming a management role. Such role may result from other associated services, for which hosting is just ancillary, (ii) if the hosting service refers to another allowed non-audit service (as identified by the IESBA itself), then it should be permitted. In any case, in Assirevi's view it should be clarified more accurately which type of hosting services may trigger independence issues.

Question 10: Do you support the proposed revisions to subsection 606, including: (a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)? (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3? (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?		
#	**Respondent**	**Extract of Comment**
16	Botswana Institute of Chartered Accountants	(a)-(b) We support the proposed revisions. (c) N/A
17	Compagnie Nationale des Commissaires aux Comptes	[while they don't answer 10 directly, 10 is associated with 606, and they say this about 606:] - With respect to the deletion of the current paragraph 606.4 A2 « *Providing the following IT systems services to an audit client does not usually create a threat as long as individuals within the firm or network firm do not assume a management responsibility: (…)* », we consider that this is an important change in the approach by withdrawing the presumption that the provision of certain computer system services generally do not create a threat as long as individuals within the firm or network did not have management responsibility. It is accentuated by the proposed paragraph 606.4 A3 providing, among other examples, that "*Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm*," might create a self-review threat. The examples listed that could create a self-review threat result in the almost mandatory application of safeguards by the professional accountant. However, small and medium-sized firms that do not have multi-disciplinary teams in place will not be able to rely on appropriate safeguards, even though their independence can be guaranteed. We believe that the current paragraph 606.4 A2 should be maintained with the addition of information provided to the client by the professional accountant on the conditions of implementing accounting or financial reporting software.

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		The CNOEC, under the control of its supervisory authority, the Ministry of the Economy, has chosen this approach to overcome the difficulty of practical application of the safeguards by certain firms. Thus, for example, after having performed an assurance engagement of low level, specific to France, named the "Presentation of the accounts", with bookkeeping, the certified public accountant may perform a contractual audit engagement, provided that he mentions in his audit report his previous engagements with the client. The transparency provided on the engagements by the professional accountant becomes a guarantee of his independence vis-à-vis his client but also vis-à-vis third parties.
18	CPA Australia	(a) CPA Australia is of the view that the IESBA should consider further clarification and guidance with respect to the examples provided in paragraph 606.3 A1. A blanket prohibition of such services has potentially significant ramifications for SMEs and SMPs, which the IESBA may not have fully considered. It is not uncommon for a professional accountant or accounting firm to provide services to assist smaller clients in times of business disruption on a short-term basis, for example, during times of natural disaster. Additionally, to indirectly host an audit client's data – whatever indirectly might mean – would not be seen as assuming management responsibility by many, including a reasonable third party. Moreover, arguably, there are safeguards and other measures available to be able to reduce threats to an acceptable level – e.g., when providing disaster recovery support by having security systems and measures that only permits the client to access data. (b)

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		While CPA Australia does not dispute the notion that providing IT systems services "might" create a self-review threat, it is very concerned that the IESBA has deemed it appropriate to prohibit certain services to audit clients that are public interest entities merely because a threat "might" be created. Other changes made to the Code in 2021 in this regard, with respect to independence requirements pertaining to the provision of a non-assurance service and the notion that the mere possibility that a threat is created being sufficient for that service to be prohibited, has seriously undermined the fundamental foundations and credibility of the Code. Moreover, it seems to directly contradict/conflict with the foundational conceptual framework of the Code described in Section 120. We can only assume that in making these changes (and those made in 2021), the IESBA is proposing that professional accountants should ignore paragraphs R120.3 and 120.2. The IESBA might consider whether it needs to revise the wording of these two paragraphs to say that they do not apply to, and are not relevant to, Parts 4A and 4B of the Code. (c) CPA Australia agrees with the other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3. Other

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		Unexplained purpose of proposed revisions Paragraph 24 of the Explanatory Memorandum notes (*highlighting added*): *The IESBA's current thinking is that implementation of accounting or financial information reporting software might create a self-review threat regardless of materiality and the extent of tailoring.* While the IESBA has noted that it has "changed" its thinking, it has not explained why. As outlined in the previous dot point, one must assume that the change was brought about by the IESBA's significant focus on Parts 4A and 4B of the Code, to the potential detriment of the overall, and specific other parts of the, Code.

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		Inappropriate focus of proposed revisions Paragraph 24 of the Explanatory Memorandum notes (*highlighting added*): *The proposed definition of "IT systems services" is intentionally very broad so that the NAS provisions (including the technology-related proposals) could be applicable to the widest range of IT systems services possible.* CPA Australia has grave concerns with this statement. Over recent years the IESBA has demonstrated an inappropriately high level of focus on auditor independence matters. This has become increasingly damaging to the broader credibility and acceptance of the Code. It is inappropriate for a definition to be constructed in a way, solely so that the IESBA can use that definition to introduce prohibitions relating to auditor independence requirements. CPA Australia is of the view that the IESBA needs to re-consider the definition of IT systems services and the reasoning behind arriving at its proposed definition.
19	Chartered Professional Accountants Canada Public Trust Committee	A. The PTC is supportive of the proposed revisions in paragraphs 606.3 A1 and A2 to list prohibited IT system services, because we think this provides further examples of technology related services that are prohibited. We do, however, recommend clarifying "services in relation to the hosting (directly or indirectly) of an audit client's data" in proposed paragraph 606.3 A1 by providing examples specifically in relation to indirect hosting (e.g. on a cloud provider's servers), to ensure consistency of interpretation. We also recommend that these examples further clarify that the threat to independence arises from hosting client data related to the subject matter of the engagement, while hosting a system that does not contain or generate data related to this subject matter is not a threat. The PTC recognizes that the above points

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(b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3?
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		are clarified in paragraph 52 of the explanatory memorandum and recommend incorporating some of those points directly into the proposed paragraph. We also think that proposed paragraph 606.3 A2 would be clearer in expressing the IESBA's intent in making these revisions if it read: "When providing a permissible service to a client does not result in the assumption of management responsibility, the collection, receipt and retention of data provided by an audit client is appropriate. B. We support the withdrawal of the presumption in extant subparagraph 606.4 A2 of IT systems services that do not usually create a threat, since software systems have evolved where customization is often part of the implementation process and may therefore create self-review threats. C. The PTC agrees with the IESBA's proposals related to other examples of IT systems services that might create a self-review threat.
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	(a) Totally agree. These are cases of IT services that involve assuming high-risk management responsibilities that would threaten the independence of the external auditor. (b) In our opinion, it would be appropriate to maintain the current paragraph 606.4 A2 which indicates IT services that do not usually create threats to independence. In particular, the implementation of some "canned software" to account for or prepare accounting reports - which requires minimal customization to meet the specific needs of the entity -, and without the professional assuming final responsibility, we do not believe that it threatens its independence as auditor. If this paragraph is maintained, the following paragraph (606.4 A3) could begin by stating: "Nevertheless, factors that are relevant…" so that they are not unrelated or contradictory. (c) We agree that these IT services could create self-review threats. They should not be prohibited for entities that are not PIE, and the professional may have adequate safeguards that prevent their independence from being affected.
21	Hong Kong Institute of Certified	A. We support the proposed prohibitions in paragraph 606.3 A1. We note that proposed paragraph 606.3 A2 provides elaboration that the hosting of an audit client's data is a provision of service. For ease of understanding, we suggest re-locating proposed paragraph 606.3 A2 before 606.3 A1.

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	Public Accountants	B. We notice that under the extant Code, firms are prohibited to provide services that would affect the audit of the financial statements on which the firm would express an opinion to PIE audit clients, whereas in the case of non-PIE audit clients, firms would need to apply the conceptual framework to address the self-review threat that might be created. Some of our stakeholders agree with the IESBA's proposed withdrawal of the presumption in extant subparagraph 606.4 A2(c) because any implementation support could be seen as involving management responsibility. However, some stakeholders do not support the proposed withdrawal, considering that it is possible to address the risk by applying safeguards such as assigning different partners/ teams for the provision of reporting software implementation and audit services, while the implementation of certain "off-the-shelf" reporting software package not developed by the firm requires little, if not none, judgement by PAs. On balance, we agree with the proposed withdrawal of the presumption to clarify the prohibition of providing such services to PIE audit clients. Meanwhile, we understand that the proposed change would not alter the NAS requirements. C. We agree with the other examples of IT systems services in proposed paragraph 606.4 A3. They are clear that the implementation of accounting or financial information reporting software might create a self-review. They also illustrate further circumstances that would give rise to a self-review threat which are helpful to assist PAs' practical application of the requirement.
22	Ibracon – Instituto de Auditoria Independente do Brasil	A. Yes. We support the proposed revisions to subsection 606 including the prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility. B. We still believe that the item C in paragraph 606.4 A2 ("*implementing "off-the-shelf" accounting or financial information reporting software that was not developed by the firm or network firm, if the customization required to meet the client's needs is not significant.*") does not usually create a threat as long as the individuals within the firm or network firm do not assume management responsibility and because the customization required should not be significant.

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		Yes. We support the proposed revisions to subsection 606 including the other examples of IT systems services in the proposed paragraph.
23	Institute of Chartered Accountants in England and Wales	1. ICAEW supports the proposed revision relating to 606.4A3 2. However, the issue of hosting services and management responsibility is potentially complex in practice and may be dependent on the specifics of the agreement between the entity and the audit firm providing the services. As such, ICAEW recommends that more detailed application material should be provided to make the scope of the proposed prohibition clear from any ambiguity.
24	The Institute of Chartered Accountants of India	While we support the revision of sub-section 606 we suggest revising the wording of the first bullet of proposed 606.3 A1. We agree that a service which only comprises the hosting of an audit client's data is an impermissible management responsibility. However, the first bullet of 606.3 A1 refers to 'services in relation to' hosting. This wording is not clear to us. We recommend that the Code should clearly state that 'Hosting of an audit client's data' is an example for a management responsibility. Proposed 606.3 A2 would still make it clear that maintaining an audit client's data to enable a service, including as part of an audit, is not a prohibited management responsibility.
25	The Institute of Chartered Accountants of Nigeria	["A" was not answered] B. We support the proposed revisions to the International Independence Standards as outlined in the paragraphs above. The provisions of the referenced paragraphs are further clarifications of considerations that are to be made by a firm or network firm in carrying out its audit and non-assurance services concerning the use of technology-related outputs, which

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		come from technology services that may have been rendered in one form or another by such firm. The examples provided could be helpful guides as well. C. We support the prohibition of services to be provided by a firm or a network firm in relation to hosting, whether directly or indirectly, an audit client's data, the operation of an audit client's network security, business continuity and disaster recovery function. These would largely involve the assumptions of management responsibility and thereby challenge the compliance to the fundamental principle of independence of the firm or network firm. We support the withdrawal of the presumption in extant subparagraph 606.4 A2 and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm". Implementing accounting or financial information reporting software sets up the architecture of the technology that produces financial statements. Where a firm or network firm is involved in such implementation, self-review threat exists. We support the inclusion of the examples of technology systems services outlined in paragraph 600.4 A3 as services that create self-review threats. The same basis as adduced in the response to 10 b above applies.
26	The Institute of Chartered Accountants of Scotland	Yes – we support the proposed prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility. In addition, if a reasonable and informed third party were aware that a firm had such an arrangement with their audit client, we believe they could reasonably conclude that this might threaten the firm's independence. We also add that if there was to be a hack and the firm was hosting the client's system this could lead to reputational damage for the firm. We do however believe that there is a need to clarify exactly what client systems are meant to be covered by paragraphs 606.3 A1 and 606.3 A2 in order that the user will be able to understand what is expected of them. We suggest the following amendments to the Code to clarify IESBA's intentions: "606.3 A1 In accordance with paragraph R400.15, examples of IT systems services that result in the assumption of a management responsibility include where a firm or a network firm:

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		• Provides services in relation to the hosting (either directly by the firm or network firm or indirectly by a third party) of an audit client's primary/active data systems. • Operates an audit client's network security, business continuity or disaster recovery function. 606.3 A2 The collection, receipt and retention of data provided by an audit client to enable the provision of a permissible service to that client, such as data provided by the client to the firm for the purposes of the audit, does not result in an assumption of management responsibility as the client still maintains control over this data." **(b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat in proposed paragraph 606.4 A3?** We agree with the withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat in proposed paragraph 606.4 A3. **(c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?** We agree with the other examples of IT systems services in proposed paragraph 606.4 A3. However, we question if the paragraph should say that these are examples of IT systems services that "might" create a self-review threat, or whether they are examples of IT systems services that create a self-review threat, in which case the word "might" in the first sentence would need to be deleted (see below): 606.4 A3 Examples of IT systems services that ~~might~~ create a self-review threat when they form part of or affect an audit client's accounting records or system of internal control over financial reporting include: • Designing, developing, implementing, operating, maintaining, monitoring or updating IT systems. • Supporting an audit client's IT systems, including network and software applications. • Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm. If the word "might" is deleted, it may also need to be clarified in this paragraph that when a self-review threat for an audit client that is a public interest entity has been identified, the firm or network firm is prohibited from providing the IT systems service.

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		An alternative would be to remove paragraph 606.4 A3 completely however we do believe these examples provide useful information to users, even if it is just to make clear the extent to which the prohibition on providing non-assurance services to PIE audit clients is applicable.
27	Institute of Certified Public Accountants of Uganda	a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility. We agree that providing such services to an audit client will greatly comprise the firm or network firm's independence. b) The withdrawal of the presumption in extant subparagraph 606.4 A2 (c) and the addition of "implementing accounting or financial information reporting software, whether or not it was developed by the firm or network firm" as an example of IT systems service that might create a self- review threat in proposed paragraph 606.4 A3. As indicated in question 8 of the survey results indicates that 54% of the respondents believed that implementation of accounting or financial information reporting software, whether or not it was developed by the firm or network firm is an example of an IT systems service that can create a self-review threat. We therefore welcome this addition. c) The other examples of IT systems services that might create a self- review threat in proposed paragraph 606.4 A3. As indicated in question 9 of the survey results, majority of the respondents either agreed or strongly agreed with the examples of IT systems services that might create a self- review threat.

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28	Instutute der Wirtschaftsprüfer (Germany)	*606.2 A1* It remains unclear which kind of data is meant in this bullet point. Would it be internal or external data, would the data be related to financial reporting? Rule 606.2 A2, for example, mentions "aggregate source data". Is this meant here? What does "managing the hosting of data" mean exactly? *606.3 A1* This section is about the risk of assuming management when providing an IT systems service. Covering the indirect hosting of an audit client's data seems to be a very broad concept. Would, for example, simple pay roll accounting already be an indirect hosting of an audit client's data? The broad formulation poses the risk that a lot of services that are usually offered by the professional accountant without creating an issue for professional independence can no longer be provided.
29	ISCA	N/A
30	Japanese Institute of Certified Public Accountants	We support the proposed revisions to the subsection 606, including (a) and (b). We support the proposed revisions to the subsection 606 with respect to paragraph 606.4 A3 in (c). However, we would suggest that you add paragraphs 606.4 A4 and 606.4 A5 as below. 606.4 A4 When providing IT systems services to an audit client, self-interest, advocacy and intimidation threats to compliance with the independence requirements might be created in addition to a self-review threat. 606.4 A5 If certain criteria are met, the provision of IT systems services to an audit client is deemed not to create a self-review threat or any other relevant threats. Such criteria might include: ● The service focuses on non-financial and non-ICFR (Internal Control over Financial Reporting) areas. ● The service does not provide functions to assist management in making judgments and decisions. ● The service provided is routine or mechanical. ● The service involves automated functions. ● The service is for the client's internal use only without any client-specific customization. ● The service is provided under normal commercial terms and conditions. ● The service provided is not material in monetary terms.

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		● The service is in the public interest. In connection with paragraph 606.4 A5 above, we also propose that the following explanation be included in the Basis for Conclusion. [A table was included here but excised for the sake of readability] (Background and reasons of our proposal) We would like to discuss the background and reasons why we believe our proposal is relevant and should be included. In the first half of the Exposure Draft, there are new requirements for PAs to keep pace with the development of technology. We agree that establishing a requirement for PAs to acquire the ability to understand and use output from technology in an effective manner, to have an inquiring mind and to identify threats and an analysis thereof is appropriate. On the other hand, the extant requirements about providing IT systems services from which relevant threats are not created (e.g., off-the-shelf package software) have been deleted in the Exposure Draft and the draft seems to have made the Code more stringent. Without the criteria we propose in paragraph 606.4 A5, a firm and its network firms will adopt the conceptual framework to determine if a proposition of IT systems service is permissible based on its judgement and, as a result, judgments may vary significantly in practice. By presenting certain basic criteria, the accounting profession will have an advantage in reducing risks and threats when providing technology-related services. By comparing this Exposure Draft with the SEC rules, we hereafter discuss issues related to the provision of non-assurance services involving technology, but this discussion is not intended to propose amendments to either the IESBA Code of Ethics or the SEC rules, but to provide a discussion of ethics, particularly independence requirements, related to technology that should be an ongoing discussion. Under the SEC rules, provision of services whose nature is routine or mechanical is prohibited because it could be seen as acting as an employee of an audit client. In addition, if an automated product that has similar nature and functionality is provided, it is not considered as a normal business relationship and therefore will be prohibited. In cases where a non-SEC audit client becomes an SEC audit client as a result of an acquisition, the audit client which has implemented an IT application provided by a firm or its network firms must be ceased. Uninstalling such IT application will be burdensome and time-consuming.

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		Thus, since there are situations where IT system services that are permissible under the IESBA Code cannot be provided in the same way in the circumstances where the SEC rules are also applied, partial harmonization of the two standards would be helpful in filling the gap between the standards at the global level. In light of the above discussion, the following table summarizes how the permissibility of providing services differs between the provisions of the IESBA Code of Ethics (PIE) and the provisions of the SEC rules, based on the circumstances proposed by JICPA in Section 606.4 A5. [A table was included here but excited for readability] Ensuring consistency would be particularly useful in the following situations. For example, the provision of an application to automatically trace the spread of the Covid-19 in the workplace can be beneficial to the society and thus is for the public interest. We consider that it is a tremendous loss to the public if, for example, in a state of emergency, a firm is prohibited from providing such an automated application for routine tasks because of the SEC requirements. The SEC rules will continue to be greatly meaningful in the area of manual services. However, when providing automated services, we believe that no independence issues to the value of the auditor and its network firms would arise as we believe that the firm could take the same approach. For instance, taking secretarial document organizing services as an example which are provided by a firm using its human resources, there is a concern that this may have an adverse effect on the auditor's position, or may be viewed by a third party as being affected. But if the same task is automated under certain conditions and it brings in the same value, the threats to auditor independence, more specifically, threats to auditor's objectivity and their status as a market watchdog, could be deterred or eliminated. As technology advances, firms have been developing their skills and business in various forms. If the IESBA can deepen its consideration of these issues such as those we propose and if those discussions are considered reasonable, the SEC rules may be partially revised in the future while maintaining their basic concept. In addition, through our communication with clients, we have learned that there are expectations for firms and its network firms to be candidates for providing non-assurance IT systems services to them especially when the clients are seeking to introduce cutting-edge technology for optimizing the workload of securing and strengthening soundness of the companies (e.g., managing Covid-19 spread with sensors, detecting fraud and harassment related emails using AI, etc.). In such situations, creditability that a PA can offer through experience acquired over the years tends to be one of the key factors

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(b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3?
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		in vendor selection. We strongly believe that such demand in society needs to be responded to whilst making sure that we set higher ethical standards related to technology based on the Code and the SEC rules. There is an argument that making rules in technology in areas other than those related to accounting tools would not be useful in practice, but under the current system of network firms we see, the firms are expected to make contributions in a variety of areas. Therefore, the benefits of defining the rules would be high even if it is limited to the non-accounting areas. Finally, this proposal is a challenging one and is for the next generation who will lead the industry. With the progress of AI development, etc., it is possible that human resources in the accounting field will be replaced. If regulation enforcement continues to become a trend, the profession will be viewed as unattractive compared to other professions that can compete with free ideas, and there is a concern that the ability to recruit personnel who have cutting-edge knowledge and experience in technology will be restrained. We hope to see the setting of standards that keeps pace with new technologies and that also takes into account areas in which these technologies can be utilized.
31	KICPA	(a) We agree with the proposed revisions as they help readers understand when a management responsibility is assumed from IT service perspective. (b), (c) We support the proposed revisions as they clearly set forth the examples of IT system services that might create a self-review threat considering the revised NAS provisions that prohibit provision of all IT system services that may cause a self-review threat to public interest entities (PIE).
32	Malta Institute of Accountants	(a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)? Yes. (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) 1 and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat2 in proposed paragraph 606.4 A3? Yes.

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		(c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3? Yes.
33	Malaysian Institute of Accountants	Overall, we are supportive of the proposed revisions to subsection 606 with the exception of paragraphs 606.3 A1 and 606.3 A2. In regard to these paragraphs, we have concerns on the prohibition of services in relation to hosting an audit client's data. The outright prohibition on hosting client's data does not seem aligned with the principles-based nature of the Code. In addition, the term "data" is not defined and can be broad in scope. Certain types of data are more relevant to auditors and to the management than others. Data could also be historic and have no relevance to a current year audit or operations of the business; hence the possibility of any threat is negligible. We would like to seek clarity on this prohibition as it does not seem to effectively address the threats alluded to with the hosting of data for audit clients and may have unintended overarching consequences. We propose that the IESBA reconsider these paragraphs and instead require the professional accountant to consider the specific type of data being hosted, the method of hosting and the purpose of hosting the data prior to concluding whether management responsibility is assumed by doing so. The development of application guidance relating to these aspects would be useful in achieving consistent application of the Code.
34	NBA	N/A
35	South African Institute of Chartered Accountants	A. The profession supports paragraph 606.3 A1 and related paragraph 606.3 A2. B. The profession supports the withdrawal and addition in the proposed paragraph 606.4 A3. C. The profession supports the examples in paragraph 606.4 A3.

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36	Society of Certified Accountants and Auditors of Kosovo	We generally support the proposed revisions. We suggest, however, that the Board consider elevating 606.3 A2 to a requirement, albeit a negative one.
37	Thailand Federation of Accounting Professions	(a) Yes, we support. (b) Yes, we support. (c) No
Firms		
38	BDO International Limited	*a)* *<u>Hosting an audit client's data</u>* **<u>Hosting</u>** 1. BDO supports the prohibition on services in relation to the operation of an audit client's network security, business continuity and disaster recovery function because these services result in the assumption of a management responsibility. 2. With respect to services provided in relation to hosting an audit client's data, BDO is not supportive of an outright prohibition for the reasons outlined below. 3. Paragraph 8 of the explanatory memorandum states that the proposed technology-related revisions to the extant IESBA Code have been developed in a principles-based manner in order to preserve the relevance of the IESBA Code as technology evolves. BDO believes that the outright prohibition of hosting of audit client's data is not aligned to the principles-based nature of the IESBA Code.

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		4. The concept "hosting of an audit client's data" is undefined and therefore open to interpretation. This will result in inconsistent application of the proposed requirements. BDO's view is that the IESBA Code should provide an enabler to understand where the provision of hosting services starts and stops. 5. To this end, BDO recommends that the proposed revisions be expanded to include a definition of "hosting of an audit client's data". <u>Data</u> 6. The term "data" is undefined and broad in scope. Data can be easily copied, moved and reorganised. Data may consist of financial and/or non-financial data and certain data is more relevant to the audit and to management than other data. Data may be historic and have no relevance to the current audit or operations of the business. 7. BDO recommends that the proposed revisions be expanded to include a definition of "data", where the distinction between physical data assets such as secretarial records of the client and data in electronical format is considered, as well as clarify whether the IESBA intends to include financial and non-financial data in the scope of providing hosting services. 8. BDO questions whether the prohibition effectively addresses the threat that is created from providing hosting services to the audit client and is concerned that the proposed prohibition will give rise to unintended consequences, including inadvertent breaches of the IESBA Code. 9. BDO's view is that the IESBA Code should retain the principles-based approach and require the PA to consider the specific type of data being hosted, the method of hosting and the purpose of hosting the data in concluding whether management responsibility is assumed in hosting data of an audit client. Application guidance relating to each aspect that the PA is required to consider will be useful in achieving consistent application of the IESBA Code. *b)* *<u>Withdrawal of presumption</u>* 10. BDO agrees that off-the-shelf programmes do not necessarily eliminate threats created by using technology, and therefore BDO supports the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat in proposed paragraph 606.4 A3. 11. BDO is of the view that the presumption contained in extant subparagraph 606.4 A2(a) and (b) provides clear guidelines for PAs and allows for consistent application of the requirements across jurisdictions. The IESBA

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		Code provides clear guidance on when a self-review threat arises. BDO's view is that extant paragraphs 606.4 A2 (a) and (b) provide useful guidance on when a self-review threat does not arise. 12. BDO suggests that the exemption would still be applicable to IT systems that have no impact on the internal controls over financial reporting nor the generation of information that forms part of the accounting records or financial statements. 13. To this end, BDO suggests that the presumption not be withdrawn, but rather be amended to elaborate on what would be acceptable services in the light of the addition in proposed paragraph 606.4 A3. *c)* *Examples of IT Services* 14. BDO supports the other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3. 15. To achieve consistency across the proposed revisions, BDO suggests that the IESBA consider including "selling, reselling or licensing technology" to 606.2 A1 as an example of an IT systems service as well as to 606.4 A3. BDO believes that Cybersecurity assurance services may create a self-review threat and suggests that the IESBA consider including "providing assurance services relating to Cybersecurity" to 606.2 A1 as an example of an IT systems service as well as to 606.4 A3.
39	Deloitte Touch Tohmatsu Limited	A. Deloitte Global does not support a blanket assumption as proposed that hosting always results in assuming a management responsibility and therefore does not support this revision which could have unintended consequences. The most concerning aspect is the wording of the prohibition is unclear. "Services in relation to hosting" could be broadly interpreted to include a wide range of services. It might mean providing advice and recommendations to an audit client as management considers the capabilities of various cloud infrastructure providers. It could also mean providing the cloud infrastructure service itself. As another possibility, it could include delivering a service or solution via the cloud such as a cloud-based SaaS. These have varying levels of threats to independence and clearly not all of these constitute assuming management responsibilities. For example, a professional accountant could reasonably conclude that licensing proprietary technology that is hosted either by a firm or network firm or a third-party service provider would be permissible as long as the functionality of the technology is permissible.

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		It is also unclear whether there is an intended difference between the terms "managing (directly or indirectly) the hosting of data" in paragraph 606.2 A1 and simply the "hosting of data" in other paragraphs. These concepts and definitions all need to be clarified to avoid inconsistent application of the provisions. Deloitte Global also believes that the scope of the prohibition as proposed is too broad as it seems to cover hosting *any* data irrespective of whether it is the client's source or primary data, or a copy of it. This prohibition also seems inconsistent with Section 350 of the extant Code which does not prohibit the custody of client assets. If the Board proceeds with a hosting related prohibition, it will be important to limit such prohibition to the hosting of the audit client's source or primary data – or "data of record." A firm or network firm should not be limited or prevented from hosting duplicate client data, for example for the preparation of a tax return in its tax return software, as this would not constitute a management responsibility. To ensure there aren't unintended consequences, such as prohibiting a firm or network firm from being able to collect and store client data required in order to provide a professional service, paragraph 606.3 A2 should read: 606.3 A2 The collection, receipt, ~~and~~ retention <u>or hosting</u> of data provided by an audit client to enable the provision of a permissible service to that client does not result in an assumption of management responsibility. *Comments regarding the "operation of an audit client's network security, business continuity and disaster recovery function"* We note that business continuity and disaster recovery references in the second bullet of paragraph 606.3 A1 are not limited to the IT aspects of these functions. If the Board intends to be broader than IT systems, the provision would be better placed in paragraph 600.7 A3. If it is limited to IT, the wording should be clarified. It is also unclear how this provision interacts with the revision in paragraph 606.4 A3 which provides that an example *"of IT systems services that might create a self-review threat when they form part of or affect an audit client's accounting records or system of internal control over financial reporting"* includes *"Supporting an audit client's IT systems, including network and software applications."* It is important for the Board to clarify if "supporting" and "operating" networks are two different concepts and also explain when a self-review is created as opposed to the risk of assuming a management responsibility. *Other comments* The word "management" in par. 606.3(b) is redundant and we therefore suggest deleting it as follows:

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		"The client, through a competent individual, preferably within senior management, makes all ~~management~~ decisions that are the proper responsibility of management with respect to the design, development, implementation, operation, maintenance, monitoring, or updating of the IT systems" B. *Withdrawal of presumption* Deloitte Global does not consider that a self-review threat is necessarily created by the configuration (as opposed to the customization) of a third party off the shelf accounting or financial information reporting software. However, we do not have a concern with the withdrawal of the presumption on the basis that the removal of the presumption does not result in a new prohibition. In other words, the professional accountant needs to undertake an assessment of threats and safeguards, but such assessment could still lead to the conclusion that configuring "off-the-shelf" accounting or financial information reporting software that was not developed by the firm or network firm, did not create a self-review threat if the configuration required to meet the client's needs is not significant. Deloitte Global does not agree that (a) and (b) should be deleted in extant paragraph 606.4 A2. The explanatory memorandum only refers to the deletion of the presumption in (c). Both (a) and (b) should be restored *Proposed addition to 606.4A3* Deloitte Global supports the addition of "implementing accounting or financial information reporting software whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat. We have noted that the explanatory memorandum did not provide reasoning for the deletion of paragraph 606.6 A1 with examples of IT services that are prohibited because they will create a self-review threat. In fact, this paragraph is referred to in the explanatory memorandum as part of the revised NAS provisions that will become effective for audits of financial statements for periods beginning on or after December 15, 2022. We recommend for the Board consider if this deletion was intentional and appropriate. C. As noted in the introduction, if the Board decides to proceed with including an extensive list of activities in paragraph 606.4 A3, the Board should consider defining these terms to ensure consistent application. It is unclear for example what services are encompassed by "implementing," and there are many other terms used in this paragraph and others that can be interpreted many ways (see prior comments about the use of "supporting" and "operating"). It also not clear why some activities create self-review threats, and some risk assuming management responsibilities. In particular, certain software

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		maintenance or update activities can be quite routine and mechanical and should not be included as examples of services that might create a self-review threat. *Other changes in Section 600* *Amendment to 600.9 A2* We note the Board proposed to add a third bullet point to 600.9 A2 to draw out that the client's dependency on the service, including the frequency with which the service will be provided, is relevant in identifying the different threats that might be created by providing a NAS to an audit client, and in evaluating the level of such threats. Deloitte Global does not support the wording as it is ambiguous, and it is unclear how it is to be interpreted or applied. For example, tax compliance services are recurring, and one could argue that a client is dependent on the service. How is the professional accountant required to use this factor in assessing whether the tax compliance services create a threat to independence? As per the Code's requirements in extant paragraph R600.8 (updated paragraph R400.14(a)), while the management should possess the skill to understand the objectives, nature and results of the activities and the respective responsibilities, they are <u>not</u> required to possess the expertise to perform or re-perform the activities. As such, the Code essentially acknowledges the client's dependency on a firm as a service provider – making this a difficult factor to apply in the assessment. *New paragraph 606.2 A1* The Board has expanded the notion of IT systems services beyond "design and implementation" and has set out a long list of examples of what constitutes an IT systems service. Despite including such long list of terms, the description is still not to be considered a complete list as it is merely a list of examples included in the broad range of services that are IT systems services, which is also evidenced by the use of bullet point list rather the lettered list. Since the Board does not intend to include all potential services included in this range (which Deloitte Global supports), it seems unnecessary to include such a lengthy list of activities in the provision, especially since this might give the impression that the list intends to be comprehensive and anything not included is not covered by the subsequent provisions in the Section. Furthermore, the decision not to define the terms included may result in subjective interpretation and potentially not applying to an activity where a term is not listed. For those reasons, we urge the Board to limit and define the terms included in the proposed revisions, in particular considering that the terms used here are already used in other parts of the Code and not always consistently which might lead to different interpretation and application. *Amendments to paragraph 606.3*

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		Deloitte Global does not have concerns with the concepts in proposed paragraph 606.3 regarding the risk of assuming management responsibilities when providing IT systems services. However, we make the same observation as in other places about the addition of many new terms (design, development, implementation, operation, maintenance, monitoring, or updating) which are used differently in other paragraphs. We do not see the benefit of specifying different types of activities but rather see a risk that an activity could be missed as not specifically included. Rather, we suggest a simpler approach requiring the client to make all management decisions […] with respect to the IT systems services.
40	Ernst & Young Global Limited	*10.(a)* We support the prohibition on hosting of an audit client's data, the operation of an audit client's network security, business continuity and disaster recovery function. However, we do not believe it is appropriate to consider that providing services "in relation to" hosting results in the assumption of a management responsibility, because this would suggests that providing advisory services related to hosting (for example, vendor selection services for a hosting platform, providing benchmarks on capacity requirements, etc.) would be prohibited. In order to clarify the prohibition, we propose the following edits to proposed paragraph 606.3 A1 using the terminology from paragraph 606.2 A1: 606.3 A1 Examples of IT systems services that result in the assumption of a management responsibility include where a firm or network firm: · ~~Provides services in relation to the hosting (directly or indirectly) of an audit client's data.~~ Stores data or manages (directly or indirectly) the hosting of data on behalf of the audit client. · Operates an audit client's network security, business continuity or disaster recovery function. *10.(b)* Yes, we support the withdrawal of the presumption in extant subparagraph 606.4 A29c) and the proposed revisions included in proposed paragraph 606.4 A3. *10.(c)*

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		Yes, we support the other examples of IT system services that might create a self-review threat in proposed paragraph 606.4 A3. We recognize that the IT system services listed in proposed paragraph 606.4 A3 are all-encompassing, and that all such service performed on IT systems that impact or interact with the audit client's accounting records, internal controls over financial reporting or financial statements might create a self-review threat. As such, these services are prohibited for PIE audit clients, and for audit clients that are not PIEs will require an evaluation of the self-review threat and application of safeguards to address the self-review threat. Therefore, we do not believe it is necessary to further define the terms "designing," "developing," "implementing," "operating," "maintaining," "monitoring," "updating," and "supporting" as used in these examples.
41	GTIL	(a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)? GTIL supports the proposed revisions to subsection 606, including the prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility. However, we have concerns that the proposed revisions may be too broad and fail to recognize that nearly all information is now hosted in the cloud, and it is important to distinguish the nature of the data and the hosting service provided. For example, is the intent to include portals to transfer client data to support deliverables as required under professional standards where the client is responsible for downloading any deliverables or other records upon completion of the service? We would encourage the IESBA to take this point into consideration. (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat in proposed paragraph 606.4 A3? GTIL does not support the withdrawal of the presumption in the extant subparagraph 606.A2 (c) and the addition of "implementing accounting or financial information reporting software, whether or not it was developed by the firm or a

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		network firm" as an example of an IT systems services that might create a self-review threat in proposed paragraph 606.4 A3. If a firm implements a third-party accounting or financial information reporting software and makes insignificant modifications, and the services do not involve designing, developing, significant customizations to the system, we wouldn't view the services as creating a self-review threat because the services would not be evaluated or relied on as part of the audit. Therefore, we would ask IESBA to reconsider their position on this matter. (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3? GTIL supports the other examples in proposed paragraph 606.4 A3 that might create a self-review threat and would therefore be prohibited from being provided to Public Interest Entity audit clients under paragraph R606.6.
42	KPMG	(a) & (c) We agree with these proposals. (b) We agree with these proposals. Given the potential complexity of the proposed requirements, we suggest the IESBA monitor implementation efforts and consider developing implementation guidance with examples of permissible services to aid in consistent interpretation.
43	MNP LLP Canada	We have several concerns regarding the proposed revisions to subsection 606. We believe that the proposed changes could have a significant negative impact on the accessibility of technology-related services by small to mid-sized entities, especially those who are geographically remote. From a Canadian perspective, we have a significant number of less sophisticated small and mid-sized public companies, private companies, public sector entities and not-for-profit organizations who, therefore, place increased reliance on their professional service providers to act as a trusted advisor in both the provision of assurance and non-assurance services. While it may be feasible for larger entities to engage a separate professional service provider for non-assurance services, we believe it could be inefficient and costly for many small and mid-sized entities to do the same. Therefore, we do not believe that the same broad approach should be taken for all audit/review clients vs. those which meet the definition of a public interest entity.

Question 10: Do you support the proposed revisions to subsection 606, including: (a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)? (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat19 in proposed paragraph 606.4 A3? (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?		
#	**Respondent**	**Extract of Comment**
		a) Paragraph 606.3 A1 of the ED provides examples of IT services that, when provided to an audit/review client, results in the assumption of management responsibilities for which safeguards would not be sufficient to address the self-review threat. These examples include: Providing services in relation to hosting (directly or indirectly) of an audit client's data; Operating an audit client's network security, business continuity or disaster recovery function ("IT Network and Business Continuity Services"). We highlight our concerns with respect to these two areas separately below. *Hosting Data:* We suggest providing additional clarity that hosting of an audit/review client's data, <u>indirectly</u> on a platform that is managed and operated by a third party, would not result in the assumption of management responsibilities. The third party performing the hosting service would be responsible for managing the data that is stored on their platform. Therefore, it is our belief that hosting an audit/review client's data in, for example, the cloud that is hosted by a company unrelated to the firm would not result in the assumption of management responsibilities by the firm solely because of the firm's ability to access that data. We encourage the IESBA to provide additional guidance as to examples of what would be considered "indirect" hosting of a client's data which would be prohibited. Further, paragraph 606.3 A1 seems contradictory to, and inconsistent with, paragraph 606.3 A2 which states that the collection, receipt, and retention of data provided by an audit client to enable the provision of permissible services to that client does not result in an assumption of management responsibility. We request clarification as to whether the IESBA's intent is that such data can only be retained for a specific timeframe and, if so, that this be provided as application material within the Code. Finally, a firm may provide IT services more broadly to a similar group of entities within an industry. Some, but not all, of these entities may be audit/review clients of the firm which, based on the proposed revisions in the ED, would restrict their ability to receive benefit from these services if their data is hosted. For example, a firm may be engaged to compile and

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#	**Respondent**	**Extract of Comment**
		manipulate industry/operational data from entities within the same industry to present key data metrics to allow those entities to benchmark their financial and/or operational results against their peers. In our view, if the IT service that is provided to all entities within that industry is identical then it would not be appropriate to preclude audit/review clients from being able to benefit from this type of IT service solely on the basis that the firm is hosting their data. We do not believe that this type of IT service would be considered to be an assumption of a management responsibility. *IT Network and Business Continuity Services*: The prohibition in providing IT Network and Business Continuity Services, such as network security, business continuity or disaster recovery functions, will negatively impact many small to mid-sized entities. These entities face rapid technological changes which can be challenging given their relative size and available resources. It is critical for these clients to have access to IT expertise, offered by firms that possess these IT competencies, because it provides these clients with greater choice of service providers. Specifically, in the mid-market space, clients benefit from having service providers who have an in-depth understanding of their business strategy and familiarity with their operating environment, which often results in more cost-effective solutions. Also, having a technology service provider who understands how the client's auditor/accountant will need to use the system for purposes of the audit/review provides value-add to the client. Further, paragraph R606.3 precludes a firm from assuming a management responsibility when providing IT system services to an audit/review client without adequate safeguards. It is our view that the application of the safeguards listed in paragraph R606.3 (a) to (d), adequately mitigate potential significant independence threats arising from either hosting client data or providing IT Network and Business Continuity Services for small and mid-sized entities. Therefore, we recommend that the prohibitions for hosting data and IT Network and Business Continuity Services should only be for those entities which meet the definition of a public interest entity or when appropriate safeguards cannot be applied. Lastly, the proposed revisions to the Code in paragraph R606.3 appear to suggest that the provision of cyber security services would be prohibited for all audit/review clients. Under the Canadian independence rules, a firm is not prohibited from being engaged by those charged with governance of an audit/review client to assist them in fulfilling its responsibilities to conduct its own investigation of a potential accounting impropriety (e.g. fraud). We believe that an analogy could be

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		made with respect to assisting those charged with governance of an audit/review client in assessing the financial impact of a cyber security threat and/or breach. Therefore, we do not feel that all cyber security services should be explicitly prohibited for all audit/review clients so long as appropriate safeguards are in place (e.g. separate engagement teams, an appropriate and competent member of senior management at the client makes all management decisions, etc.). b) The presumption of implementing "off the shelf" ("**OTS**") software contained in extant paragraph 606.4 A2 should be retained. There are currently many software applications on the market, including both on-premise and cloud based solutions (e.g. QuickBooks, Simply Accounting, Microsoft Suite, etc.), that do not require any significant customization. We foresee this continuing as new technologies are developed. Therefore, the extant presumption that OTS software would not usually create a threat as long as a management responsibility is not assumed by individuals within the firm continues to be relevant and should be retained. Small to mid-sized entities are not implementing sophisticated or complex software that larger organizations are. Therefore, removal of this exception is putting such entities at a disadvantage. If the IESBA is concerned that this exception has historically been inappropriately applied, we recommend further application material be developed in place of the removal of the exception. For example, the Code could provide examples of the difference between "configuration" (e.g. modifying the program's code) which may be inappropriately applied vs. "customization" (e.g. creating a report based on criteria established by the client where the reporting functionality already exists in the software) which may be appropriate when not significant. c) Paragraph 606.4 A3 of the ED provides examples of IT systems services that, when provided to an audit/review client, may create a self-review threat. These examples include: Designing, developing, implementing, operating, maintaining, monitoring, or updating IT systems; Supporting an audit/review client's IT systems, including network and software applications; and- Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm. Overall, we agree that the above-noted types of IT systems services may create a self-review threat. In accordance with paragraph R606.6 of the Code, these services are prohibited for public interest entities. Therefore, it will be imperative that

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		Canadian standard setters appropriately refine the definition of a public interest entity to fit the Canadian landscape so that this prohibition does not negatively impair small and mid-sized entities' ability to access services with the application of appropriate safeguards.
44	PricewaterhouseCoopers International Limited	While we support the revision of sub-section 606 we suggest revising the wording of the first bullet of proposed 606.3 A1. We agree that a service which only comprises the hosting of an audit client's data is an impermissible management responsibility. However, the first bullet of 606.3 A1 refers to 'services in relation to' hosting. This wording is not clear to us and is too broad. We recommend that the Code should clearly state that "Hosting of an audit client's data" is an example of a management responsibility. Proposed 606.3 A2 would correctly make it clear that the collection, receipt and retention of data to enable the provision of a permissible service, including as part of an audit, is not a prohibited management responsibility.
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	a) In principle yes however there are questions in respect of matters such as a data centre or other similar temporary arrangement is this data hosting and is this permissible. b) Is the removed section to suggest these are now permissible or prohibited it is unclear. c) Assisting a client install a commercial package, its unclear how this is an independence threat or self review threat, if the system requires "programming or configuration" perhaps depending on the particular configuration, but its not clear whether this should be supported.
46	RSM International Limited	(a) Yes, we support this. However, in paragraph 606.3 A1. we recommend providing examples of directly or indirectly hosting an audit client's data, to align with the explanatory memorandum, as follows (additions emphasised in bold): *"… Provides services in relation to the hosting ~~(directly or indirectly)~~ of an audit client's data,* ***either directly (for example, on internal servers), or indirectly (for example on a third-party cloud provider's servers)****."* In addition, we think that when providing ongoing operation, maintenance, monitoring or updates with respect to an audit client's IT system it can be difficult to ensure that a competent individual from the client makes all management decisions.

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#	**Respondent**	**Extract of Comment**
		We therefore suggest including an additional bullet to paragraph 606.3 A1 such as: *"Ongoing operation, maintenance, monitoring, or updating of an audit client's IT system without the proper involvement of competent management".* We also think that it would be helpful, in paragraph 606.5 A1, if the IESBA considered providing additional examples of safeguards that might be available and helpful to reduce the threat to an acceptable level. For example: Having an appropriate reviewer who was not involved in planning, performing or supervising the audit audit work performed with a specific focus on areas that present a self-review threat. (b) Yes, we support this as a self-review threat might apply in the circumstances described in extant subparagraph 606.4 A2. (c) Yes, we support this. We also have another comment relating to subsection 606. In paragraph 606.2 A1, we suggest including in the range of services: *"Providing or licensing IT hardware or software".* This would align with proposed paragraph 600.6.
Others		
47	IFAC Small and Medium Practices Advisory Group	The SMPAG suggests moving 606.3 A2 to a requirement rather than application material as it sets the stage for the proposed guidance in 606.3 A1. It is a negative requirement so it should carry the same authority as other requirements. We also would ask the Board to consider adding "transmission" to the list of permissible flows of data in 606.3 A2 recognizing the use of portals that has become more and more common in practice.
48	Dr. Asha Sharma	N/A

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49	Alvaro Fonseca Vivas	N/A
50	MindBridge	We commend IESBA on clearly delineating that obtaining data for a permissible engagement is not an assumption of management responsibility (606.3 A2). This paragraph is extremely important in a PA's ability to follow data security best practices and provides flexible engagement management. In 606.3 A1, second bullet point the "an" as the second word may be more easily read as "operates as the." We also want to emphasise the importance of term "might" include 606.4 A3 with regards to what could be a self-review threat. The area of software and IT system development is moving so quickly defining the criteria to assess if there is a threat is the preferred approach over bright lines or current practices being defined as threat.

QUESTION 11

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
Regulators and Oversight Authorities, Including MG members		
1	Botswana Accountancy Oversight Authority	Yes, we agree. An independence threat is created when a firm assumes the role of management. The inclusion of IT as part of the prohibitions is a welcome change, as times have changed, and everything is done through IT.
2	Committee of European Audit Oversight Bodies	N/A
3	Irish Auditing and Accounting Supervisory Authority	N/A
4	Independent Regulatory Board for Auditors	We support the proposed changes to Part 4B of the Code.
5	International Forum of	Overall, IFIAR is supportive of the changes made to Parts 4A and 4B. We support the addition of paragraphs 400.16.A1. This paragraph would codify what many professional accountants have, based on our experience, taken as the position

[4] The responses to Q11 have been provided to the Sustainability Working Group for their consideration.

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
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	Independent Audit Regulators	on a principle's basis, though we suggest that the material be further revised to make clear that this requirement applies regardless of the level of professional judgment required in providing the service, and that this should be linked more strongly to the material on "routine or mechanical". We also believe that the material could be further enhanced to include a discussion of the professional accountant's need to consider if the proposed provision of a service is in relation to a financial or a non-financial system as this factor may influence the significance of the threat to independence.
6	International Organization of Securities Commissions	N/A
7	National Association of State Boards of Accountancy	NASBA supports the proposed changes to Part 4B of the Code. However, NASBA believes that frequent review and updating of the material may be necessary.
8	UK FRC	The FRC is supportive of the changes made to Part 4B of the Code.
Independent National Standard Setters		
9	Accounting Professional & Ethical Standards Board (Australia)	APESB supports the proposed changes to Part 4B of the Code to preserve alignment with the changes to Part 4A. APESB commends the IESBA for recognising the importance of Environmental, Social and Governance (ESG) disclosures. However, we encourage the IESBA to undertake a more holistic review of Part 4B to determine its appropriateness in addressing the independence requirements for ESG disclosures.

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
10	New Zealand Auditing and Assurance Standards Board	Yes, the NZAuASB supports the proposals. The NZAuASB considered examples where a self-review threat might be created for an assurance engagement. The proposed revision to paragraph 950.10 A1 A includes additional technology-related examples including: "designing, developing, implementing, operating, maintaining, monitoring, updating IT systems or IT controls and subsequently undertaking an assurance engagement on a statement or report prepared about the IT systems or IT controls". This example relates only to situation where the assurance engagement relates to IT systems or IT controls themselves. We consider that an example where assurance is provided over subject matter information that is generated by the IT system is also relevant. This situation might become common, for example when new IT systems are developed for ESG reporting purposes. This could be illustrated by the following scenario: ● An audit firm designs an IT system that gathers and computes greenhouse gas emissions data ● A client uses a report from this IT system to prepare its greenhouse gas emissions statement ● The audit firm performs assurance engagement on the greenhouse gas emissions statement. We consider that a self-review threat is created because the calculation of the input to the non-financial information was performed based on an IT system designed by the firm. We suggest that the following example be added to paragraph 950.10 A1: "Designing, developing, implementing, operating, maintaining, monitoring, updating IT systems or IT controls when they form part of or affect an assurance client's records or system of internal control over non-financial reporting and subsequently undertaking an assurance engagement on a non-financial information."
Professional Accountancy Organizations		
11	Association of Accounting Technicians	AAT strongly supports the inclusion of references to ESG reporting, and generally supports the additions which provide clarification through examples of 'management responsibility'.

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
12	Jointly by Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	We support the proposed changes to Part 4B to preserve alignment with changes proposed to Part 4A of the Code. Environmental, Social and Governance (ESG) disclosures are increasingly important to consider in the context of the Code. We recommend that the IESBA conduct a review of Parts 4A and 4B of the Code to consider the appropriateness of requirements and application material as it applies to non-financial reporting.
13	Association of International Accountants	Within R113 the code states that professional competence requires a continuing awareness and understanding of technology related developments. Within the context of a rapidly changing technology and the increasing complexity of this, especially around the capacity of machine learning and AI, this is potentially a very difficult standard for professional accountants to maintain. The inclusion of such a statement is welcomed and recognised as critical as the technology affecting and supporting the work of a professional accountant develops but further consideration is required of how to enable this to be achieved. Therefore 113.3 is particularly welcomed as it will help to place a clearer boundary on the area of accounting competence. Explicitly requiring accountants to understand the limit of their professional competence in this arena is a key component in maintaining confidence in our work.
14	American Institute of Certified Public Accountants Professional Ethics Executive Committee	For consistency with Part 4A of the Code, please refer to PEEC's comments above that relate to: • the bracketed text, "(directly or indirectly)" in paragraph 900.13 A4 • the additions to the "Business Relationships" paragraphs 920.3 A2 and 920.6 A1 • paragraph 950.5 • paragraph 950.10 A1

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
15	ASSIREVI	N/A
16	Botswana Institute of Chartered Accountants	We support the proposed revisions.
17	Compagnie Nationale des Commissaires aux Comptes	N/A
18	CPA Australia	Refer to comments made, and concerns expressed, in responses to Questions 9 and 10. Other

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
		Revisions unrelated to technology (1) The first dot point of paragraph 13 of the Explanatory Memorandum notes that: *Clarify, by an explicit statement that "…[Part 4B of the Code] applies to assurance engagements on an entity's non-financial information, for example, environmental, social and governance (ESG) disclosures"* Clearly, this proposed revised wording does not relate to matters of technology, as the title of the ED posits. We note that paragraph 57 of the Explanatory Memorandum aims to explain the reason for including this unrelated wording. It notes (*highlighting added*) *This proposal responds to respondents to the technology survey who called for more guidance in the Code to cover non-financial reporting. As non-financial reporting is an evolving area, the IESBA took a "light touch" approach to this proposal to keep it specific and narrow, allowing for the possibility of refinements in the future.* CPA Australia is concerned that the IESBA is proposing revisions to the Code which relate to a matter that did not form part of a consultation and are unrelated to the topic at hand. The IESBA should re-consider making such ad hoc revisions, without having properly consulted on and considered the broader subject matter.
19	Chartered Professional Accountants Canada Public Trust Committee	Overall, the PTC agrees with the IESBA's proposed changes to Part 4B of the Code. However, we observe that, given the proposed addition of the broad term of environmental, social, and governance disclosures to paragraph 900.1, which would capture an extensive and growing list of disclosures, it is not clear why "greenhouse gas statements" still needs to be specifically identified in this paragraph.

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
20	Federación Argentina de Consejos Profesionales de Ciencias Económicas	N/A
21	Hong Kong Institute of Certified Public Accountants	We agree with the proposed changes to Part 4B of the Code to cover non-financial reporting and revise certain application materials for alignment with the proposed changes in other sections of the Code. We note that the proposed changes would not change the requirements in Part 4B.
22	Ibracon – Instituto de Auditoria Independente do Brasil	N/A
23	Institute of Chartered Accountants in England and Wales	1. ICAEW agrees with the proposed changes to Part 4B of the Code. 2. In relation to paragraph 900.14.A1 ('Services that may constitute a management threat'), further explanation would be welcome as to why the ability to monitor or engage technology for assurance purpose is rightly recognized as not being a management threat. This is particularly the case in light of the rapid progress towards implementation of real-time audit, and the increasing potential of threats where an auditor is using predictive analytics to identify nascent problems. 3. In such circumstances, guidance in relation to how to avoid creating a management threat when identifying upcoming audit problems through real-time monitoring of financial and operational data will be critical. An example might be to include guidance on what to do in circumstances where the auditor's real-time audit software flags transactions as a fraud risk which management has not detected.

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
24	The Institute of Chartered Accountants of India	Yes , we agree.
25	The Institute of Chartered Accountants of Nigeria	Response: We support the proposed changes to Part 4B of the Code as they have provided further elaborations on the impacts of technology and services connected there with respect to assurance services.
26	The Institute of Chartered Accountants of Scotland	We support the proposed changes to Part 4B of the Code, noting the comments made above.
27	Institute of Certified Public Accountants of Uganda	We support the proposed changes to Part 4B of the Code.
28	Instutute der Wirtschaftsprüfer (Germany)	N/A

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
29	ISCA	For the same reason as explained in our response to Question 9(c) above, we suggest that IESBA remove the conforming changes to proposed paragraph 920.6 A1 (which duplicates proposed paragraph 950.5) in making reference to the requirements and application material in Section 950.
30	Japanese Institute of Certified Public Accountants	We support the proposed changes.
31	KICPA	We support the proposed changes.
32	Malta Institute of Accountants	N/A
33	Malaysian Institute of Accountants	Yes, we support the proposed changes to Part 4B of the Code.
34	NBA	N/A
35	South African Institute of Chartered Accountants	The profession supports the proposed changes to Part 4B of the Code?

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
36	Society of Certified Accountants and Auditors of Kosovo	We support the proposed changes to Part 4B of the Code. We wonder, however, whether 950.5 is best included in the opening paragraph 950.1 or just after.
37	Thailand Federation of Accounting Professions	Yes, we support.
Firms		
38	BDO International Limited	1. BDO supports the proposed changes to Part 4B of the Code. 2. Although we have no objection to, or further comment on the addition of non-financial information, for example environmental, social and governance disclosures made to paragraph 900.1, BDO questions the relevance of this amendment to the technology project because the link to technology is not immediately evident.
39	Deloitte Touch Tohmatsu Limited	The comments made above about the proposed changes to Part 4A also apply to the corresponding amendments in Part 4B. Deloitte Global has no additional comments about the proposed changes in Part 4B.
40	Ernst & Young Global Limited	We support the proposed changes to Part 4B of the Code. Where our comments and suggested edits above would likewise be applicable to the proposed revisions to Part 4B, these should be taken into consideration.
41	GTIL	GTIL supports the proposed changes to Part 4B of the Code.

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
42	KPMG	See our comment under question 9 (c) above. We do not agree with the conforming change to 920.6 A1, and the reference to Section 950.
43	MNP LLP Canada	Please refer to our comments above as they would also apply to the proposed changes to Part 4B of the Code. Nevertheless, we agree with the language added to confine the IT systems services prohibitions to those impacting the underlying subject matter of the assurance engagement.
44	PricewaterhouseCoopers International Limited	Yes. However, we recommend ● That proposed 900.13 A4 be revised to the same extent as 606.3 A1, ● That the last bullet of 920.3 A2 be revised like 520.3 A2.
45	Pitcher Partners Australia (Member of Baker Tilly Intl)	In principle subject to the resolution of the questions above yes.
46	RSM International Limited	Yes, we support the changes. However, in 900.1, we suggest deleting the words “including greenhouse gas statements” as this is covered by adding “environmental, social and governance disclosures”. We also recommend updates to paragraph 900.13 A4 to align with our suggestion above related to paragraph 606.3 A1.
Others		

Question 11: Do you support the proposed changes to Part 4B of the Code?[4]		
#	**Respondent**	**Extract of Comment**
47	IFAC Small and Medium Practices Advisory Group	Yes, we support the proposed changes to Part 4B of the Code.
48	Dr. Asha Sharma	N/A
49	Alvaro Fonseca Vivas	N/A
50	MindBridge	N/A