Technology Project

Schedule of IESBA, CAG, IAASB TCG, IOSCO C1 and IFIAR SCWG Comments on the September Text and Task Force Response

#	Paragraph	Commentator	Comment	Task Force Response
1	113.1 A2	Brian Friedrich	• Presentation should be more broad - i.e., recognize the support for the ED provision also. • Issue with the word "might" – seems that you don't need to have the skills for business skills	Noted. See revised formulation.
2	113.1 A2	Gaylen Hansen (CAG Chair Observer)	Interpersonal skills – glad no extroverts	Noted.
3	113.1 A2	Vania Borgerth	Last sentence - Technology is not the only skill we should have - it can be broader, and not only with respect to the technology.	OK - Deleted last sentence to retain the paragraph's applicability to all activities and services, recognizing that the skills needed not only pertain to technology.
4	113.1 A2	Ken Siong	Be more specific about the type of technology – if it is a specific tool that requires a level of understanding of the tool. Suggest also another formulation, i.e., "interpersonal, communication and organizational skills facilitates the PA's interaction with individuals with whom the accountant engages with."	Deleted last sentence, see above. OK – See revised formulation.

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5	113.1 A2	Andy Mintzer (Advance Comments)	• Delete the phrase "with which the professional accountant, the firm or the employing organization has a professional or business relationship." • Not necessary for the intention of this paragraph – so the words are not needed and suggest eliminating to reduce complexity of the sentence.	OK – See revised formulation.
6	113.1 A2	Saadiya Adam (Advance Comments)	• "..require interpersonal, communication and organizational skills:" I was surprised the TG chose to retention of these wording due to the comments received. • I was struck by the one comment about not creating "barrier to entry into the profession". Is there any consideration on how to avoid unnecessary confusion. BFC perhaps.	The substance these skills were kept as examples in the revised formulation, given that there was support for the addition, despite the various concerns raised. The revised formulation addresses the various concerns. The potential confusion re: "barrier to entry into the profession" should now be resolved with the revised formulation.
7	113.1 A2	Jeanne Viljoen (Advance Comments)	Delete last sentence: Do we need to highlight technology specifically or can we rather be more generic rather than including technology example.	Deleted last sentence, see above.

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8	R113.3	Saadiya Adam (Advance Comments)	Noted the comment received [re reason for change to "explain"]. The word "Sufficient" is used in other places in the Code. If the TF wanted to retain this word, I would support the ED wording.	Noted. No change
9	R113.3	Jeanne Viljoen (Advance Comments)	Reason behind the deletion of "services". Code refers to both, when should only one be used and the unintended consequences of only using one.	The change is to emphasize the glossary definitions – namely that professional services are professional activities performed for clients; whereas professional activities are activities requiring accountancy or related skills undertaken by a PA (i.e., encompasses any professional services). The requirements and application material in Part 1 refer to professional activities; while Part 3 and 4 refers explicitly to professional services.
10	S114 General	IFIAR SCWG	Has consideration been given as to whether conforming amendments in relation to confidentiality in ISQM are necessary? Particularly important in the context of an audit.	ISQM 1 refers to "duty of confidentiality" and "principle of confidentiality" – does not appear need further confirming amendments. However, Staff to explicitly raise with IAASB Staff at their early November catch up.
11	S114 General	IOSCO C1	Noted that a recent cyber attack in Australia caused loss of ~10 million customer's data. In this regard it was also noted that this included data that was retained for longer than legally permissible. Questioned whether the NOCLAR provisions are still applicable if a firm retains data for longer than is legally permissible.	Yes, NOCLAR provisions still apply, provided the breach of such a nature or scale as to meet the public interest test.

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12	R114.1	Sung-Nam Kim (Advance Comments)	The term "respect" in the lead-in: I wonder if the word 'protect' is better fit here given the change of the word 'secure' to 'protect' in para 114.1 A1.	No change – sub-bullets (a) to (h) discuss how to "respect" confidentiality. Revised 114.1 A1 discusses how to "maintain" confidentiality which is referred to in R114.1 (b), (c) and (h).
13	R114.1(e)	Caroline Lee	• R114.1(e) already says "Not Use" despite the references to "use" in the 114.1 AMs – perhaps can add a "unless…." similar to R114.1(d).	OK – However, the TF also notes that "use of confidential information for personal benefit or the benefit of a third party" would require client or employing organization authority and is not something that law would authorize. See revised formulation which emphasizes authorization of such use/disclosure by the client or employing organization; under the presumption that it is not prohibited by law or regulation.
14	R114.1(e)	Brian Friedrich	• Add a scope out in (e) "unless…."	See revised formulation.
15	R114.1(e)	TWG Final Phase 2 Report Recommendation A	• Current AM (114.1 A[X] extant & proposed) cannot override R114.1(e)'s "shall not use confidential information for the personal advantage of the accountant or for the advantage of a third party". • Suggest adding, for example, "unless proper and specific authority has been granted and such use would not otherwise be illegal or unethical" at end of R114.1(e).	See revised formulation.
16	R114.1(h)	Caroline Lee	• "Maintain confidentiality of information that has become publicly	To explain in the BfC.

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			available even if improper disclosure" – seems to go beyond improper disclosure – as it catches more situations than intended – for e.g., after information becomes "not confidential anymore."	Intentionally broad to emphasize a PA's obligation to maintain confidentiality despite information being publicly available, unless the client provides specific authority to relieve the PA's obligation of confidentiality. See revised to clarify this intent.
17	R114.1(h)	Gabriela Figueiredo Dias	Consider the relevant public interest aspects of allowing PAs to use publicly available information even if improper disclosure.	The TF view is that the public interest aspect of a PAs obligation to confidentiality is to maintain it until specific authority has been provided by the client to relieve it of such obligation.
18	R114.1(h)	Vania Borgerth	Agree with TF thinking that a PA still has an obligation to maintain confidentiality despite it being publicly available – unless specific authority has been provided by the client.	Noted.
19	R114.1(h)	Gaylen Hansen (IESBA CAG Chair Observer and at CAG meeting)	• Really like where gone, support, agree with Vania and the TF thinking. • Has the TF had any discussion about NOCLAR and that none of this defeats NOCLAR; and suggests to add a ref to NOCLAR as a reminder. • Also notes that the AICPA has provisions relating to the use of confidential information for benchmarking.	The TF notes that NOCLAR does allow for the override of S114, subject to relevant laws and regulations. The TF view is that the reference to NOCLAR is not necessary given the building blocks approach – there is also a section on NOCLAR in both Parts 2 and 3 of the Code. The TF considered the related jurisdictional guidance when developing the proposed revisions.

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20	R114.1(h)	Andy Mintzer (Advance Comments)	• Delete the phrase "even if the accountant is aware that such information has been improperly disclosed." • I think full stop is clearer…as confidentiality applies. • Alternative: "Maintain confidentiality of information EVEN IF IT has become publicly available."	See revised drafting to clarify intent – no change re "improper disclosure" - this is responsive to various ED commentators who requested specific reference to maintaining confidentiality despite improper disclosure.
21	R114.1(h)	Sung-Nam Kim (Advance Comments)	The term "even if": The word 'when' appears to flow more smoothly.	See above response to Andy.
22	R114.1(h)	Saadiya Adam (Advance Comments)	Proposed edits: Maintain confidentiality of information that ~~has become~~ is publicly available ~~even~~ if the accountant is aware that such information has been improperly disclosed.	See above response to Caroline.
23	R114.1(h)	Laura Friedrich (Subsequent Comments)	Possible wording for consideration to clarify R114.1 (h), how about: "Not disclose or further disseminate confidential information that has become available to the public or to the PA through improper means." This recognizes that it is still intended to be considered "confidential info" based on the fact that it hasn't been purposefully disclosed. If it has become publicly	See above response to Caroline.

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			available through proper means, this wouldn't apply, as it wouldn't be confidential info anymore.	
24	CI definition	Mark Babington	• Appears to be handled deftly – helpful for TF to consider defining terms such as "public domain" vs "publicly available." • "Publicly available" would appear to encompass more scenarios than necessary. For e.g., price sensitive info – once the 'sensitive period' has passed, i.e., the stock price or announcement has been made – then there is no restriction in the information.	Noted, see TF view above on R114.1(h). With respect to information that is no longer price sensitive – a PA has an obligation to maintain confidentiality until the client relieves it of its obligation. The term "public domain" has been removed from the glossary definition of CI. The term "publicly available" is used in both R114.1(h) and the glossary definition of CI. It is intended to be self-explanatory for the average PA, and the glossary definition provides further context.
25	CI definition	Jeanne Viljoen (Advance Comments)	"..that is not publicly available" - No objection to change	Noted.
26	114.1 A1	Brian Friedrich	Distinction between storage and retention – not much difference.	See revised.
27	114.1 A3	Sung-Nam Kim (Advance Comments)	Third bullet – take out the comma	OK – see revised.
28	114.1 A3	IFIAR SCWG	• Should also include any law or regulation in a jurisdiction where the information originates.	OK – see revised.

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29	114.1 A4	Brian Friedrich	• Reservation re: the new AM on use of anonymized CI – is the Board ok with permitting firms to make use of data in this way even with consent and anonymization? • Recommend to seek key stakeholder outreach during these few months – for e.g., IOSCO and IFIAR.	Noted – the TF has met with IOSCO CI and IFIAR SCWG in October to discuss the revised text – support expressed.
30	114.1 A4	Caroline Lee	This new AM seems to restrict firms' use of information even when such information is being used internally, e.g., for training professional staff.	See revision – removed "to third parties" in the first sentence, so that it is also applicable for internal use. Furthermore, the TF observes that use of information internally, such as for the training of staff, is typically a provision in engagement letters and is allowable as such.
31	114.1 A4	Andy Mintzer (Advance Comments)	• Sub-bullet (d) – delete phrase "the output of the purpose for which the information is to be used" and replace with "its use". • I think my editorial suggestion of simply "its use" is very broad and clear…and the construct is consistent as (a) though (c) simply say "to be used"…not "to be used in the output…"	No change – The aim of sub-bullet (d) is to protect the identity of the individuals/entities concerned when the output of the purpose for which the data is used becomes available. There may be occasions when the identity of the individuals/ entities will be apparent from the use of the data – e.g., in preparing benchmarking surveys – therefore "the output of the purpose for which the information is to be used" is a deliberate and critical consideration of whether the individuals/ entities concerned can be identifiable from its output. So, for example, if the output of a benchmarking project will be pie-chart/percentage data, the identity of the

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				individuals/entities concerned will be protected. Similarly, if vast amounts of data will be examined – e.g. bank data – and the information distilled into generalized information, it will not be necessary to anonymize the raw data to protect the individuals/ entities involved.
32	114.1 A4	Sung-Nam Kim (Advance Comments)	• Lead-in term ”disclosed” - The word 'communicated' appears to be more appropriate. • Lead-in term “include” - All factors (a)-(d) below relate to the use of the confidential information. I propose adding factors relevant to disclosure of confidential information to 3rd parties given the specific reference to the circumstance at the beginning of this paragraph when a firm seeks consent to disclose confidential information to 3rd parties.	No change – the term “disclosed” is used in extant Code. See also revision to the lead-in where the term “to third parties” has been removed to broaden the scope of the AM.
33	114.1 A4	Sung-Nam Kim (Advance Comments)	Lead-in “or disclose confidential information to third parties” - Does this include “anonymized” data as well?	Yes – It includes all confidential information, including anonymized information. Therefore, bullets (a) to (d) are applicable.
34	114.1 A4	Jeanne Viljoen (Advance Comments)	Bullet (b) “used by the individual or entity” - Should this not be firm / employing organization rather than individual or entity	OK – see revised.
35	114.1 A4	Dave Sullivan (CAG – PIOB Observer)	Supportive of, and views it important, that consent regarding the use or disclosure of confidential information is “preferably be in	Noted. TF also observes that in a practical sense, evidencing the consent obtained for sub-bullets (a) to (d) would arguably be in writing.

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			writing," because it is essentially audit evidence.	
36	R120.5	Sung-Nam Kim (Advance Comments)	Bullet (c): update 120.5 A6 to 120.5 A8	OK – see revised.
37	120.5 A6	Brian Friedrich	• The distinction between complex and complicated is necessary and missing. • Suggests adding in a sub-heading of "complexity" above 120.5 A6.	The TF deliberately did not include the distinction between complex and complicated – this is responsive to the ED commentators, many of which did not understand such distinction and were of the view that regardless of the distinction, a PA has to comply with PC&DC, and that the threats and safeguards approach of the Code does not change. The TF will include the distinction of the two terms, and a reference to the related thought leadership, as well as the TF thinking responsive to ED commentators (i.e., as explained in Agenda Item 8 of the September IESBA meeting) in the BfC.
38	120.5 A6	Mark Babington	Noted that Agenda Item 8 explains the TF thinking on complexity well, and suggests to include such explanation in the BfC.	OK – to include in BfC.
39	120.5 A6	Ken Siong	• What does "compounding effect" relate to? • A fact cannot be uncertain.	The substance of 120.5 A6's description of complexity is still substantially consistent with the related thought-leadership. Therefore, in that context, "compounding effect" relates to the dynamism created by:

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				• "the interaction between, and changes in, elements of the facts and circumstances that are uncertain, and • variables and assumptions that are interconnected or interdependent." The TF view is that a fact can indeed be uncertain as it may only be a fact at a certain point in time, i.e., it may become a fact or cease to be a fact depending on the information available at a particular point in time. For example, it would be factually correct to say that someone convicted of an offence has a criminal record. However, if that person has a right to appeal, that 'fact' remains uncertain. As a right to appeal may be granted many years after the time to appeal has expired, it would not necessarily be sufficient to qualify the first 'fact' by referring to the right to appeal. A similar example could be developed based on an entity's profits taken from its audited financial statements – which would become uncertain if the financial statements were reviewed with a view to restatement.
40	120.5 A6	Gabriela Figueiredo Dias	Keep it simple so understandable.	Noted, that is the TF's objective.
41	120.5 A6	Caroline Lee	Asked Hiro if such paragraphs are translatable in Japanese. Hiro responded Yes.	Noted.

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42	120.5 A6	Sung-Nam Kim (Advance Comments)	Replace “professional judgment exercised by accountants” with “the accountant’s professional judgment.”	No change – a verb (i.e., “exercised”) is needed.
43	120.5 A6	Jeanne Viljoen (Advance Comments)	Supportive of the suggested change.	Noted.
44	120.5 A6	Saadiya Adam (Advance Comments)	The term “compounding effect:” Does this change the basis of the CF – That is that it is a reiterative process –New Facts and Circumstances will give rise to a re-consideration of the CF.	No, it does not change the basis of the CF. The term “compounding effect” is intended to illustrate the dynamism of complexity. Accordingly, to manage complexity, paragraph 120.5 A7 refers back to the CF’s consideration of new information or changes in facts and circumstances for emphasis.
45	120.5 A7	Andy Mintzer	• Supportive of the change from “monitoring” to “alert” as well as the cross reference to paragraph 120.9. • Does it need to be made explicit that judgement is only made based on facts and circumstances at a point of time?	No change – the extant CF already recognizes the consideration of new information or changes in facts and circumstances – and the bullet already cross references to such guidance in the CF for emphasis.
46	120.5 A7	Sung-Nam Kim (Advance Comments)	• First bullet: I note the word 'multiple' was taken out in para 120.5. A6 above. I wonder if this word is necessary here. • Fourth bullet: add “professional” in front of “accountant.”	First bullet: OK – see revised. Fourth bullet: No change, “professional accountant” already used in the second bullet for the first time.

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47	120.5 A7	IFIAR SCWG	• Remove the word "better" in the bullet re "…better inform the PAs judgement…" as it creates potential confusion that there is automation bias.	OK – see revised.
48	120.5 A7	IOSCO C1	• Does "being alert" need to be an explicit requirement?	See revised. Being alert is part of the application of extant R120.5 and R120.9.
49	120.13 A3	Ken Siong	Does removal of "business organization" mean that the AM only applies to individuals.	See revised. Added "and entities" to include both public sector and business organizations.
50	120.13 A3	Gabriela Figueiredo Dias	Same thought as Ken.	See above.
51	120.13 A3	Brian Friedrich	Observes that relationships are typically between individuals and hence it makes sense.	See above.
52	120.13 A3	Jeanne Viljoen (Advance Comments)	Deletion of "business organizations" - Granted that the professional accountant / firm / employing organization will deal with individuals, should business organization not be retained? Suggest to replace business organizations with entities – this has been used elsewhere in the Code (see para 200.5 A3 for example).	OK – see revised.

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53	S200 General	Akihito Ishiwata (CAG – FSA Observer)	• Revisions are responsive to stakeholder needs in the public interest. • Also notes the need to develop [non-authoritative] guidance for various technologies. • Observes that revisions pertaining to Part 2 of the Code might be challenging for SMPs to implement due to resource or cost constraint.	The TF notes that the need for non-authoritative guidance is a consistent message received from stakeholders not just specific for technology. However, to do so is resource dependent and will need to be considered with other priorities in development of next SWP. Also notes that outreach with IFAC's SMP AG has been undertaken in developing the ED, and that the IFAC SMP AG also submitted a comment letter in this regard. So, their perspectives have been considered in developing these draft revisions to the proposals.
54	Header to S200	Saadiya Adam (Advance Comments)	"…threats associated with the use of…:" Is there a way of future proofing these amendments? Is this something that would be used for other IESBA service lines re-Sustainability, etc.	No change – these revisions will be applicable to any service lines that "use technology" and hence the TF view is that it is sufficiently broad and future proof.
55	200.6 A2	Brian Friedrich	• Arising from the TWG in-person meeting – suggest to combine the 2nd and 4th sub-bullets. • Other suggestions provided to address "explainability." • Question of how the first sub-bullet under the second bullet creates a SRT or SI threat – suggest to add more context for clarity.	OK – 2nd and 4th bullets merged. Re First sub-bullet under the second bullet - removed as it repeats the intent of the last sub-bullet under first bullet. Discussion of how the bullets might give rise to a self-review or self-interest threat will be included in the BfC.
56	200.6 A2	Sung-Nam Kim (Advance Comments)	First & Second bullets: Lower case for "Threats" and "Self-review", respectively.	No change re lower case. This is drafting convention that 'headers' are capitalized. See the extant 200.6 A1.

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			First bullet, fourth sub-bullet: • Suggest changing "understanding" to "knowledge." • I propose changing this phrase to 'understand, assess and explain' as noted in the 3rd bullet of para 220.8 A1 below. Second bullet, first sub-bullet: • It is not easy to figure out why this example might create self-interest or self-review threats. I suggest making this bullet more specific to the reason.	Re change to "knowledge:" No change – TF view is that the term "understanding" better describes the expectations of a PA. The term "knowledge" might be confused with "professional knowledge and skills". Re change to 'understand, assess and explain:' – Since the specific bullet of S220 no longer refers to the "output of the technology," the term "assess the reasonableness of" has been replaced with the phraseology aligned with S200 to focus on understanding, using and explaining the technology. Re second bullet first sub-bullet – removed as it repeats the intent of the last sub-bullet under first bullet. Discussion of how the bullets might give rise to a self-review or self-interest threat will be included in the BfC.
57	200.6 A2	Jeanne Viljoen (Advance Comments)	First bullet, first sub-bullet: • "not sufficient:" Is this sufficient or rather appropriate? • "deployment:" Is this word correct? Should this not perhaps be application of technology?	No change from "sufficient" to "appropriate". As set out in Section 230, a self-interest threat might be created if a PA does not act with sufficient expertise, or has sufficient time, etc., to execute its duties. See revised for the use of "deployment".
58	200.6 A2	TWG Final Phase 2 Report Recommendation A	"Someone" should be able to explain the technology. Proposed edits: The accountant does not have sufficient expertise, or access to an expert with sufficient understanding, to use and explain ~~the output from~~ the	See revised.

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			technology, for the purpose intended. (Ref: Para. 230.2).	
59	200.7 A4	Sung-Nam Kim (Advance Comments)	Second bullet: add "that" in front of "are undertaken" Third bullet: add "that" in front of "is provided"	OK – see revised.
60	R220.8	Saadiya Adam (Advance Comments)	Change "what steps" to "the appropriate steps"	OK – see revised.
61	R220.8	IOSCO C1	With respect to the term "professional judgment" in this paragraph, is there any consideration of a PA being able to 'override' the output of the technology? i.e., despite autopilot being used in a plane, the pilot can still override such automation.	Yes – the considerations listed in S200 and S220 mean that a PA should consider whether the technology operates as intended. Whether the technology operates as intended, should in practice, also consider whether a PA is able to 'override' automation. In addition, part of having an inquiring mind and using the reasonable and informed third party test would mean that in practice, a PA should also understand the facts and circumstances around such technology and whether its use is appropriate. To be explained in the BfC.
62	220.8 A1	Sung-Nam Kim (Advance Comments)	Second bullet: change "from" to "of" Fifth bullet: I suggest making it clear that this bullet relates to the tech developer, not the PA.	Second bullet: OK – see revised. Fifth bullet: No change – The factor to be considered is whether the prior experience of anyone – the PA, firm, employing organization or tech developer – is supportive of the use of the technology for the purpose intended. That experience could be drawn from anywhere – and the

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				PA would have to assess the reliability of the experience to be relied on.
63	220.8 A1	TWG Final Phase 2 Report Recommendation B	"Someone" should be able to explain the technology. Proposed edits: The accountant's ability, or access to an expert, to understand, assess the reasonableness, and explain ~~the output of~~ the technology having regard to the purpose for which it is to be used.	OK – see revised.
64	220.9 A1	Jeanne Viljoen (Advance Comments)	Para 200.5 A2 link, should reference not be included?	No change given building blocks approach.
65	300.5 A2	Ken Siong	• The paragraphs preceding proposed 300.5 A2 already reference to Part 2, as part of the building blocks approach. • Questioned if this should be explicitly brought into Part 3 as it is not a 'gap' per se.	TF view is to keep, as it is to emphasize that ethical leadership is also relevant to PAPPs.
66	300.5 A2	Brian Friedrich	• Same question as Ken re: applicability of preceding paragraphs. • Suggest adding in a more summarized or precise form.	See above.
67	300.5 A2	Saadiya Adam (Plenary +	"The more senior the position of a professional accountant, the greater will	No change – this sentence refers to the PAPP and its relationship with its EO, and is in substance a practical

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		Advance Comments)	be the ability and opportunity to access information, and to influence policies, decisions made and actions taken by others involved with the firm:" • I understand that this has been aligned with 200.5 A2. But do we need this differentiation for Part 3? Seniority is not limited to position and titles. Under Part 3 – we hold all individuals to a similar standard. • Responsibility depending on seniority is not distinguished in Part 3 unless distinguished between partner and director.	reality of life. No contradiction with this sentence and the allocation of responsibilities of PAPPs within a firm as outlined in 400.4 or 900.3; or the definition of a partner or director in the Glossary.
68	Extant 300.6 A1	Sung-Nam Kim (Advance Comments)	Extant 2nd sub-bullet under Familiarity threat: • I suggest revising this bullet given that it is not described from the perspective of the PA, but a director or officer of the client. I understand that it is misleading. • A revision might be along the lines: "A PA who has recently served as the engagement partner and is currently a director or officer of the client..."	No change, extant Code unrelated to Technology project.

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			Extant 4th sub-bullet under Intimidation threat: • Change "made public" to "disclosed."	
69	300.7 A6	Sung-Nam Kim (Advance Comments)	Lead-in – add "accountant's" before "firm."	OK – see revised.
70	320.12 A1	Sung-Nam Kim (Advance Comments)	Change work of "others" to work of "experts."	OK – see revised.
71	Part 4A General	Jim Dalkin (CAG – IAASB CAG Chair Observer)	Wondered if the revisions cover scenarios where the auditor develops a tool, i.e., fraud detection software – and the client wants to use such tool for its own internal use to identify fraud. Sees this in the public sector and observes that there is some "tension" as it becomes akin to assuming management responsibility.	This would constitute a self-review threat as it forms part of the internal controls over financial reporting, and is covered by the revised NAS provisions. As a result, for PIEs, this would then be prohibited. See also the related non-authoritative guidance: Scenario F of *"Ethical Leadership In A Digital Era: Applying The IESBA Code To Selected Technology-Related Scenarios"*
72	400.16 A1	Jeanne Viljoen (Advance Comments)	"of the technology" at the end of the paragraph: Duplication – not supportive of the inclusion.	No change – responsive to drafting suggestion from ED comments. It emphasizes that the paragraph applies whenever technology is used, whether to supplement a PA's activities or in place of a PA.
73	R400.32	IOSCO C1	Has the TF considered situations where IT systems developed by a firm are used by	The NAS provisions would cover this situation. The SRT prohibition re PIEs would mean that such audit

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			a client, and then subsequently the client becomes an audit client?	engagement cannot be taken up if the firm cannot take steps to "cleanse" the SRT - see R400.32 and 400.32 A1.
74	520.3 A3	Caroline Lee	520.3 A3 could be better explained and elaborated through an FAQ or other non-authoritative material.	Noted, and to highlight that whether such arrangements are close business relationships is dependent on the specific facts and circumstances; revised the formulation to "an example that might create a CBR, depending on facts and circumstances…" in order to emphasize and flag to users of the Code, that whether such arrangements are CBR depends on the facts and circumstances. TF view is that such AM should be retained as it is responsive to ED comments which suggested other forms of arrangements be included as examples (such as that outlined in the explanatory memorandum of the ED). TF will include further explanation and elaboration in the BfC.
75	520.3 A3	Jeanne Viljoen (Advance Comments)	Question – is the fact that they license the products or service or provide license products or solutions.	It can be both: • When a firm licenses products/solutions *to* a client. Such products/solutions itself can be licensed (i.e., possible reselling scenario) or unlicensed (i.e., licensing); or • When a firm licenses products/solutions *from* a client.
76	520.7 A1	Caroline Lee	520.7 A1 (b): Observes that it is uncertain whether in all instances a firm will know if the end customer is an audit client of the firm.	The TF notes that in most instances the firm would know if the end customer is an audit client – because they will be auditing that client – and have insight into the services/technology it uses.

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77	606.2 A1	Sung-Nam Kim (Advance Comments)	Third bullet: add “or upgrading.”	OK – see revised.
78	R606.3	Sung-Nam Kim (Advance Comments)	Bullets (b) and (c): add “or upgrading.”	OK – see revised.
79	606.3 A1	Sung-Nam Kim (Plenary + Advance Comments)	• First bullet lead-in: I suggest changing “stores” to 'collects or stores' given para 606.2 A1. • First bullet sub-bullet (b): add “or collecting” in front of “or storing.” • Second bullet “operates, maintains, or monitors:” Though these are just examples for management responsibilities, I am of the view that the activities such as 'design' and 'develop' need to be described at the beginning. Question: • Sub-bullet (a): I wonder why the word “only” needs to be included. It sounds like that if the firm provides hosting services together with another consulting firm, the firm is thought not to assume management responsibilities. • Sub-bullet (b) “such that the audit client’s data or records are	• No change – the collection of data in itself does not assume management responsibility. • No change – see above. • See paragraph 50 of the explanatory memorandum to the ED. When finalizing the ED, the IESBA determined that no definition should be included for such terms as doing so could have unintended consequences of narrowing or limiting the application of the proposed changes to only those services clearly falling within such definitions. Responsive to ED commentators who noted that the ED prohibition on hosting was broad and unclear, the qualifiers “only” and “such that the audit client’s data or records are otherwise incomplete” were added to specify and ring-fence how hosting assumes management responsibility. If such qualifiers were not added, the provision would apply to custody of client data however that arose and so go beyond the assumption of management responsibility with which this paragraph is concerned.

#	Paragraph	Commentator	Comment	Task Force Response
			otherwise incomplete:" By the same token and para (a), I wonder why this qualifier is needed.	
80	606.3 A1	Jeanne Viljoen (Advance Comments)	Second bullet "audit client's IT systems:" Assumption that IT systems include network.	See revised.
81	606.3 A1	Brian Friedrich	• Instead of "such hosting," change to "such services" includes… • Questioned why the last bullet "operates an audit client's network security, business continuity or disaster recovery function" was deleted.	OK – see revised. The last bullet was deleted as most of it was considered to be covered in sub-bullet (c) of the first bullet. For completeness, now added "network" into second bullet after "IT systems."
82	606.3 A1	Gaylen Hansen (CAG meeting)	• Supportive of hosing provisions.	Noted.
83	606.3 A1	IFIAR SCWG	• Explain what the ED commentators meant by "too broad" and how the substance of the proposal is unchanged despite what appears to be a lot of mark-up from the ED.	The principle is that firms should not host data for its audit clients. Even if a firm uses a third party cloud party to host client data, that does not relieve a firm of assuming management responsibility, which is prohibited. However, given various questions on what such prohibition covers, the additional mark-up clarifies what hosting means – i.e., what it means in terms of who has access to the data, what it means for the audit client's contingency plans, etc. To be explained in the BfC.

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84	606.3 A2	Sung-Nam Kim (Plenary + Advance Comments)	• Change "the collection" to "collection" • Change "does" to "do" • Question why "in the course of the audit" – not really needed as it is a NAS - I wonder if the phrase is relevant given that this section deals with non-assurance services.	No change – TF view is that the current drafting is clear as is. Noted and acknowledged. However, the addition is responsive to ED comments which requested more clarity, including a suggestion to include "in the course of the audit," on what is permissible in light of the prohibition on hosting.
85	606.3 A2	Gaylen Hansen (CAG Chair Observer)	Does it include the retention of the audit information?	Yes, but such retention: • Does not mean that the firm can keep the data "forever." The intent is that such retention is only for the duration of the service as necessary. • Also, such retention by a firm refers to information which is "a copy of" the client's own information, as the client must retain its own copy (and have access to it).
86	606.4 A3	Caroline Lee	Observes that the term cybersecurity wasn't as clear and specific as the other term "business continuity."	Noted – no change. The use of the term "cybersecurity" is intentionally broad as it could cover a variety of measures, such as and including, "business continuity." The point is that a firm cannot design, developed, .etc., cybersecurity systems or approaches which form part of or affect an audit client's accounting records or system of internal control over financial reporting.
87	606.4 A3	Sung-Nam Kim (Plenary + Advance Comments)	• First bullet: add "or upgrading" • I propose moving this para below para R606.6, consistent with the structure for internal audit services	First bullet: OK – see revised. No change – the examples in 606.4 A3 are also applicable to Non-PIEs who can then apply safeguards to address the self-review threat as appropriate. If such examples are

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			(para 605.5 A1- 605.6 A1). The new para could be along the following lines: "Examples of services that are prohibited under para R606.6 include IT systems services ..."	moved below R606.6, it would only be relevant to PIEs, which is not what is intended. Note that the "might" was removed from "might create" because the examples provided always create a SRT since the lead-in already specifies "…form part of or affect an audit client's accounting records or system of internal control over financial reporting…."
88	Part 4B Header	Sung-Nam Kim (Advance Comments)	Take out "-" before the word "review"	OK – see revised.
89	950.10 A1	Andy Mintzer (Advance Comments)	Replace "undertaking an engagement" with "performing procedures". I don't think "Undertaking an engagement" is an example of a service – its an engagement (a), (b) and (c) all seem appropriate to the bullet point list…I am not sure that my words are the best but I think "undertaking an engagement" is not an example of a service like the other points are?	The TF has considered: • The ED comment (row 11.3 of Agenda Item 8-C): "950.10 A1 relates only to situation where the assurance engagement relates to IT systems or IT controls themselves. *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. For example, a SRT would be created if the calculation of the input to the non-financial information was performed based on an IT system designed by the firm." • Input from the IAASB Staff upon finalizing the ED to preserve the existing consistency in Part 4B of the Code with the terms and concepts in the IAASB's International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements

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				other than Audits or Reviews of Historical Financial Information. In this regard, IAASB Staff had provided a proposed formulation which highlighted the SRT related to *subject matter information* of the attestation engagement – which is what the ED commentator had requested. Accordingly, see revised sub-bullet (d) which is based on such formulation. In addition, the TF considered whether it was necessary to keep the words "the attestation engagement" in the first line of the lead-in. The TF views that no change is necessary as part of the Technology Project as it was considered in the project to align Part 4B of the Code to ISAE 3000 (Revised). The SRT is specifically defined in the lead-in as such, because the outcome of an attestation engagement (where a firm is involved in the preparation/ measurement/ evaluation of the underlying subject matter against criteria) is the subject matter information, which is what an assurance engagement is performed on (where a firm obtains sufficient appropriate evidence to express a conclusion about the subject matter information).
90	950.10 A1	Sung-Nam Kim (Advance Comments)	Bullet (d) – add "monitored"	See revised.

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91	General	Tshego Modise (IESBA PIOB Observer)	• The revisions have addressed the PI comments. • Good to see the collaboration between the TWG and TTF.	Noted.
92	General	Dave Sullivan (CAG – PIOB Observer)	• The revisions clarify and strengthen the Code especially in relation to NAS. • Supportive of, and commends the collaboration with the TWG, which is key. Notes that it is important for the two groups to keep learning from each other.	Noted
93	Effective Date	IAASB Technology Consultation Group	• What would the effective date be, and is there early adoption of the changes to the Code.	Early adoption is always permitted. See Item D for TF considerations to date.
94	General	IFIAR SCWG	• Fine line between explaining something in the standard vs the BfC. • How to ensure that no relevant information is not left out of the Code.	The TF has included all relevant principles and application materials in the Code. The BfC will be used to facilitate understanding of how the IESBA arrived at the specific requirements and guidance in the Code, and to expand the intended spirit of such provisions along with providing technology-specific examples as relevant.
95	General	IFIAR SCWG	• How is explainability dealt with, i.e., black box scenarios. • Noted that as technology evolves, there might be a need to revisit whether the Code stands up to	If a PA really cannot explain the inherent limitations in the technology, it should communicate that with its stakeholders, and ultimately, should not use that technology to perform the service.

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			"explainability" challenges in the future.	
96	General	IFIAR SCWG	• Noted that the TF has addressed all the IFIAR comments raised.	Noted