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The Technical Director
International Ethic Standards Board for Accountants (IESBA)
New York

June 24, 2025

Dear Sir,

Consultation Paper: Collective Investment Vehicles and Pension Funds – Auditor Independence

We are grateful to the IESBA for the opportunity given us to comment on the Consultation Paper: Collective Investment Vehicles and Pension Funds – Auditor Independence. The IESBA is issuing this Consultation Paper (CP) to solicit feedback from stakeholders regarding auditor independence considerations for audits of collective investment vehicles (CIVs) and pension funds. This feedback will inform the IESBA Project Team's report and recommendations to the IESBA as to whether revisions to the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code) are warranted to ensure that the Code remains robust and fit for purpose in addressing auditor independence in these contexts. This CP highlights the public interest issues and risks associated with these Schemes and stresses the significance of auditor independence when they audit the Schemes. We acknowledge that the independence of the Scheme's auditor is crucial to ensure that the interests of the Scheme's beneficiaries are not compromised due to the auditor's interests, relationships or circumstances with other parties.

Below are our responses to the questions raised in the Consultation Paper:

Question 1

Does the Code's definition of related entity capture all relevant parties that need to be included in the auditor's independence assessment when auditing CIVs/pension funds?

Please provide reasons for your response.

Comments

We believe that the Code's definition of related parties captures all relevant parties that need to be included in auditor's independence assessment when auditing CIVs/pension funds. The Code defines related entity as: "An entity that has any of the following relationships with the client:

(a) An entity that has direct or indirect control over the client if the client is material to such entity;

(b) An entity with a direct financial interest in the client if that entity has significant influence over the client and the interest in the client is material to such entity;

(c) An entity over which the client has direct or indirect control;

(d) An entity in which the client, or an entity related to the client under (c) above, has a direct financial interest that gives it significant influence over such entity and the interest is material to the client and its related entity in (c); and

(e) An entity which is under common control with the client (a "sister entity") if the sister entity and the client are both material to the entity that controls both the client and sister entity."

We believe that these definitions adequately capture all the required features of related parties that need to be considered in assessing auditor independence when auditing CIVs/pension funds.

The questions in this Section pertain to an audit of a CIV/pension fund where a Connected Party to the Scheme meets the criteria set out in paragraph 35, i.e., the Connected Party is:

(a) Responsible for its decision making and operations;

(b) Able to substantially affect its financial performance; or

(c) In a position to exert significant influence over the preparation of its accounting records or financial statements.

Question 2

Do you believe the criteria set out above are appropriate and sufficient to capture Connected Parties that should be considered in relation to the assessment of auditor independence with respect to the audit of a CIV/pension fund?

Please provide reasons for your response.

Comments

We believe that the criteria set out are appropriate and sufficient to capture Connected Parties that should be considered in relation to the assessment of auditor independence with respect to the audit of a CIV/pension fund. However, IESBA should provide illustrative examples, red flags, threats to independence and explanatory notes in the Code that should provide greater clarity on requirements for auditors to evaluate whether certain interests, relationships, or circumstances between the auditor and Connected Parties pose any threats to the auditor's independence when conducting the audit of an Investment Scheme.

Question 3

Where there are such Connected Parties, do you believe that the application of the conceptual framework in Section 120 of the Code is sufficiently clear as to how to identify, evaluate and address threats to independence resulting from interests, relationships, or circumstances between the auditor of the CIV/pension fund and the Connected Parties?

If not, do you believe the application of the conceptual framework in the Code as applicable to Connected Parties associated with Investment Schemes warrants additional clarification?

Please provide reasons for your response.

Comments

We believe that the application of the conceptual framework in Section 120 of the Code is sufficiently clear as to how to identify, evaluate and address threats to independence resulting from interests, relationships, or circumstances between the auditor of the CIV/pension fund and the Connected Parties. Section 120 sets out requirements and application material, including a conceptual framework, to assist accountants in complying with the fundamental principles and meeting their responsibility to act in the public interest. Such requirements and application material accommodate the wide range of facts and circumstances, including the various professional activities, interests and relationships, that create threats to compliance with the fundamental principles. In addition, they deter accountants from concluding that a situation is permitted solely because that situation is not specifically prohibited by the Code. The conceptual framework specifies an approach for a professional accountant to: (a) Identify threats to compliance with the fundamental principles; (b) Evaluate the threats identified; and (c) Address the threats by eliminating or reducing them to an acceptable level.

However, IESBA should provide illustrative examples, red flags, threats to independence and explanatory notes in the Code that should provide greater clarity on requirements for auditors to evaluate whether certain interests, relationships, or circumstances between the auditor and Connected Parties pose any threats to the auditor's independence when conducting the audit of an Investment Scheme.

Question 4

Do you believe that the conceptual framework in Section 120 of the Code is consistently applied in practice with respect to the assessment of auditor independence in relation to Connected Parties when auditing a CIV/pension fund?

Please provide reasons for your response.

Comments

We believe that the conceptual framework in Section 120 of the Code is consistently applied in practice with respect to the assessment of auditor independence in relation to Connected Parties when auditing a CIV/pension fund. The Code provides that it is in the public interest that professional accountants (PAs) be independent when performing audit engagements. To meet this objective, paragraphs 400.6, R400.18 and R400.19 establish that the Code requires firms to consistently comply with the fundamental principles and apply the conceptual framework. Part 1 of the Code provides a path for auditors to consider facts and circumstances that may present threats to independence when auditing an Investment Scheme. Independence is linked to the principles of objectivity and integrity, which are fundamental to audit quality, and this is only achievable when the fundamental ethical principles are consistently applied.

Question 5

Are there certain interests, relationships, or circumstances between the auditor of a CIV/pension fund and its Connected Parties that should be addressed?

Please provide reasons for your response.

Comments

Given the impact that Connected Parties have on the Investment Schemes, there is the need to evaluate whether certain interests, relationships, or circumstances between the auditor and Connected Parties involved with the Scheme could pose any threats to the auditor's independence when auditing the Scheme.

Connected Parties should be included in the auditor's identification, evaluation and addressing of the threats to independence and client's management. These assessments would put the auditor in a clear position to identify, determine, and analyze the type, nature, and source of threats being encountered in the course of audit assignment, and the nature of mitigation processes to be put in place to avoid the threats or minimizing them to an acceptable level.

Question 6

Does your jurisdiction have requirements or guidance specific to audits of CIVs/pension funds from an auditor independence perspective? If yes, are those requirements included in audit-specific or CIV-specific regulation?

Please provide details.

Comments

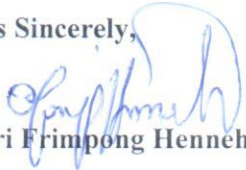
Auditors in our jurisdiction are required to comply with the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior as well as observing professional skepticism and remain alert throughout the course of the audit and abstain from anything or situation that will impair or influence his/her independence in the conduct of audit assignments. These are enshrined in the Code of ethics for professional engagements and are applicable to all audit engagements including CIVs/pension funds. We have not yet developed specific requirements for CIV/pension fund engagements, rather the general principles of ethics apply in all situations.

Conclusion

We hope the IESBA finds these comments helpful in further developing its consultations on Collective Investment Vehicles and Pension Funds – Auditor Independence. In turn, we are committed to helping the IESBA in whatever way possible to build upon the results of this Consultation Paper.

We look forward to strengthening the dialogue between us. Please do not hesitate to contact us should you wish to discuss any matters raised in this submission.

Yours Sincerely,



Ofori Frimpong Henneh

Senior Manager, Technical and Research

For: Director, Technical and Research