

October 6, 2021

Mr. Ken Siong  
Senior Technical Director  
International Ethics Standards Board for Accountants  
529 Fifth Avenue  
New York, NY 10017 USA

Dear Mr. Siong:

**Re: August 2021 Exposure Draft, Proposed Quality Management-related Conforming Amendments to the Code**

I am writing on behalf of the Public Trust Committee (PTC) of the Canadian Chartered Professional Accountant profession in response to your request to comment on the Exposure Draft entitled *Proposed Quality Management-related Conforming Amendments to the Code* (“the Exposure Draft”).

Canada’s accounting profession is regulated by provincial CPA bodies and is comprised of more than 220,000 members both at home and abroad. The provincial CPA regulatory bodies are statutorily responsible for their respective codes of conduct including the independence standards. CPA Canada is a member of IFAC, represents the profession nationally and internationally, and supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations, and government. The provincial CPA regulatory bodies and CPA Canada collaborate through the PTC to recommend policies and strategies to uphold the public’s confidence and trust in the profession.

One of the responsibilities of the PTC is to monitor international developments with respect to the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and develop responses to changes on behalf of the Canadian CPA profession.

**Our views**

We thank you for the opportunity to provide our comments on the Exposure Draft and appreciate the coordination efforts undertaken with the IAASB in the development of the proposals contained in the Exposure Draft.

We are largely supportive of these proposals with some specific suggestions as noted below in answer to the request for specific comments.

## **Our responses to your questions**

Please find below our responses to the requested matters for input as outlined in the Exposure Draft Guide for Respondents section.

### **1. Do you agree with the proposed conforming amendments in this ED?**

We are generally supportive of the proposed conforming amendments and found them to be straightforward and aligned with the recommendations in the Explanatory Memorandum.

However, while we understand that the IESBA has proposed changes to paragraphs 400.4 and 900.3 to align with the wording in ISQM 1, paragraph 29(b), we think that there is an opportunity to clarify these amendments for readers of the Code. Specifically, our stakeholders observed that the term “service provider” is not defined in the Code and expressed concern that readers of the Code may require clarification with this terminology without reference to ISQM 1. We recommend that the IESBA consider the new terminology (i.e. service provider) included with the proposed amendment to paragraphs 400.4 and 900.3 be defined in the IESBA Code or be referenced directly to ISQM 1, **paragraph 29(b)**, to provide clarity.

### **2. In addition to the proposed conforming amendments, the IESBA also considered the matter raised concerning decisions about accepting or providing services to a client in paragraph 300.7 A5. See explanation in the margin of paragraph 300.7 A5 (page 9). Do you agree with the IESBA’s view on this matter? If not, please explain why.**

We agree that no amendment to this provision is necessary and that the authority and accountability rest with the individual professional accountants.

### **3. Do you agree with the proposed effective date? If not, please explain your reasoning.**

We understand that the IESBA is proposing to align the effective dates of the proposed conforming amendments with the effective dates of ISQM 1 and ISQM 2, as appropriate. However, we think that different effective dates for related amendments to the Code (i.e., December 15th specifically versus engagements for F/S periods beginning on or after December 15th) may be confusing and recommend that December 15, 2022, should be the effective date for all conforming amendments to the IESBA Code, because the majority of the changes are being proposed to conform with both ISQM 1 and ISQM 2, rather than ISQM 2 alone.

## **General Comments**

We have reviewed the proposed conforming amendments in detail and have noted several instances in the Code where changes to “quality control” were not proposed to align with the new terminology in ISQM 1 and ISQM 2. We understand that these instances are possibly all related to finalized revisions from other projects, but nonetheless encourage the IESBA to perform a final review to ensure that all conforming changes have been captured.

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We thank you for the opportunity to comment on this Exposure Draft and we appreciate that further revisions to these proposals may result through the feedback provided by stakeholders and as IESBA continues its close coordination regarding this and other related matters with the IAASB.

Yours truly,

A handwritten signature in black ink that reads "J. Midgley". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Jamie Midgley, FCPA, FCA  
Chair, Public Trust Committee