

March 13, 2020

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

Re: *Exposure Draft, Proposed Revision to the Code Addressing Objectivity of the Engagement Quality Reviewers*

Dear Mr. Siong:

We appreciate the opportunity to provide comments on the exposure draft "Proposed Revision to the Code Addressing Objectivity of the Engagement Quality Reviewers" (the "ED") issued in January 2020 by the International Ethics Standards Board for Accountants ("IESBA" or "Board").

We agree the objectivity of the engagement quality reviewer ("EQR") is critical to the effectiveness of the individual serving in such a role. Inclusion of guidance in the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "Code") that is specific to this concept would help to enhance awareness of the various threats to an EQR's objectivity.

Our comments to the questions raised in the ED are provided below.

Question 1 Do you support the proposed guidance addressing the topic of the objectivity of an EQR?

We support the proposed guidance addressing the topic of objectivity of the EQR. We suggest the following editorial changes to enhance clarity and consistency with other parts of the Code:

120.14 A2 Threats to compliance with the fundamental principle of objectivity might be created in certain circumstances in which a professional accountant is appointed as the engagement quality reviewer. The following are examples of threat that might be created:

[...]

(c) Familiarity threat

- The accountant who serves as engagement quality reviewer has a long association or close relationship with, or is an immediate or close family member of, an audit team member.

[...]

120.14 A4 Examples of safeguards or actions that might address such threats include:

- Implementing a period of sufficient duration (a cooling-off period) before ~~the a~~ professional accountant who was a member of the engagement team is appointed as engagement quality reviewer.

[...]

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Question 2 If so, do you support the location of the proposed guidance in Section 120 of the Code?

Yes, we agree including the proposed guidance in Section 120 of the Code is an appropriate location.

Question 3 Do you agree with the IESBA that it would be more appropriate for the IAASB to determine whether a cooling-off requirement should be introduced in proposed ISQM 2 as discussed in Section III.C above, and that the Code should not be prescriptive in this regard?

We agree the Code should remain principles based, so a cooling-off requirement should not be included in the ethical standards. Rather, as the IAASB is including the eligibility requirements for the EQR in ISQM 2, any such cooling-off requirement (if deemed to be necessary by the IAASB) would be more appropriately included in ISQM 2.

We would be pleased to discuss our comments with members of the IESBA or its staff. If you wish to do so, please feel free to contact Wally Gregory, Senior Managing Director of Global Independence, via email (wgregory@deloitte.com) or at +1 203 761 3190.

Sincerely,



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