

October 1, 2021

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 Quality Management-related Conforming Amendments to the Code*

Dear Mr. Siong:

Deloitte Global appreciates the opportunity to provide comments on the exposure draft "Proposed Quality Management-related Conforming Amendments to the Code" (the "ED") issued in August 2021 by the International Ethics Standards Board for Accountants ("IESBA" or "Board").

Deloitte Global thanks the IESBA for coordinating with the International Auditing and Assurance Standards Board ("IAASB") to promptly release the proposed conforming amendments to the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") arising from the finalization of the IAASB Quality Management Standards (ISQM1 and ISQM2) and are supportive of the objectives of this project.

Please find below our comments in response to the specific questions in the ED.

Question 1: Do you agree with the proposed conforming amendments in this ED?

Yes, Deloitte Global agrees with the proposed confirming amendments, subject to two comments below for the Board's consideration.

Proposed amendments to Paragraph 400.80 A1

The paragraph requires a conforming amendment. However, the statement that the system of quality management is responsible for "maintaining" independence does not appear consistent with ISQM1 or the Code. Paragraph 6 of ISQM1 states that a system of quality management "addresses" eight components including "relevant ethical requirements." It is the firm and its personnel that apply the conceptual framework to "maintain independence" when performing audit engagements (paragraphs 400.6 and 900.5 of the Code).

We recommend deleting "and maintain", and adding "requirements" to the proposed amendment as follows:

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400.80 A1 *A breach of a provision of this Part might occur despite the firm having a system of quality management designed to address ~~and maintain~~ independence requirements.*

Proposed amendments to Paragraph 400.6 and 900.3

Deloitte Global believes the conforming amendments are consistent with ISQM1, however we recommend the removal of the reference to a “service provider”. The term “service provider” is not a term that is currently used in the Code in the same context as in ISQM1. This concept is expected to be introduced into the Code when the definition of “engagement team” is updated as part of a separate project. We recommend for the reference to “service provider” to be removed at this time and re-considered as a conforming amendment upon the completion of that project.

Therefore, as this is simply a guidance paragraph summarizing ISQM1 principles we recommend deleting the information in the parenthesis:

400.4 *ISQM 1 requires a firm to design, implement and operate a system of quality management for audits or reviews of financial statements performed by the firm. As part of this system of quality management, ISQM 1 requires the firm to establish quality objectives that address the fulfillment of responsibilities in accordance with relevant ethical requirements, including those related to independence. Under ISQM 1, relevant ethical requirements are those related to the firm, its personnel and, where applicable, others subject to the independence requirements to which the firm and the firm’s engagements are subject ~~(including the network, network firms, individuals in the network or network firms, or service providers).~~*

Question 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. Do you agree with the IESBA’s view on this matter? If not, please explain why.

Deloitte Global agrees with the IESBA’s view on this matter.

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

Deloitte Global agrees with the proposed effective dates being aligned with the effective dates of ISQM 1 and ISQM 2, as appropriate.

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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 Denise Canavan, Senior Managing Director of Deloitte Global Independence, via email (decanavan@deloitte.com) or at +1 203 563 2759.

Sincerely,



Deloitte Touche Tohmatsu Limited