

Mr. Ken Siong
International Ethics Standards Board for Accountants
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

26 June 2019

Dear Mr. Siong:

Proposed Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in ISAE 3000 (Revised)

Ernst & Young Global Limited, the central coordinating entity of the Ernst & Young organization, is pleased to comment on the IESBA's Exposure Draft, Proposed Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in ISAE 3000 (Revised) (the Exposure Draft).

We are supportive of the Board's efforts to align Part 4B of the Code with the revised assurance terms and concepts in ISAE 3000 (Revised), and believe the Board's proposed revisions to Part 4B substantially accomplish this objective. We believe this effort will increase the clarity and application of Part 4B overall.

Five specific questions were identified on which the Board welcomed respondents' views and we have organized our response accordingly. Our comments are set out below.

1. Do you believe that the changes in the key terminology used in the Exposure Draft, including the definition of 'assurance client', are clear and appropriate for use in Part 4B?

We believe the proposed changes in the key terminology used in Part 4B will substantially align the Code with ISAE 3000 (Revised), and will thereby improve the clarity and application of Part 4B. We agree with the change to the definition of "Assurance client," considering the addition of the definition of "Attestation engagement," "Direct engagement" and "Responsible party."

2. Do you have any comments on the application of the IESBA's proposals to the detailed independence requirements and application material as explained above and summarized in the appendix?

We are in agreement with the Board as to the impact of the alignment of Part 4B with ISAE 3000 (Revised) on the independence requirements and application material.

Regarding the split of assurance engagement between Parts 4A and 4B, we agree that it is appropriate for purposes of the Code to separate the requirements for audits of financial statements and those for assurance engagements in Parts 4A and 4B, respectively. In our view, including the additional wording in the definition of "Financial statements" that this definition does

not refer to specific elements, accounts or items of a financial statement will make it clear that Part 4A does not cover engagements such as those conducted under ISA 805 (Revised).

We also strongly agree with the Board's view in paragraph 41 of the Explanatory Memorandum that it is more appropriate for the user to refer to the IAASB literature as the definitive source of information on the different types of assurance engagements, and should not repeat or provide this guidance in a different form in the Code.

3. Do you have any comments on the other proposed changes, including on the consistency of terms and concepts in Part 4B in relation to the text of ISAE 3000 (Revised)? If so, please specify the area of inconsistency and suggest alternative wording.

We have no further comments.

4. Are there any other matters that you consider should be addressed with respect to the alignment with ISAE 3000 (Revised) in Part 4B or in other material, for example in an IESBA Staff publication? If so, please provide sufficient explanation, including practical examples of the matter where available.

As noted in ISAE 3000 (Revised) paragraph A18 and A167, the practitioner (referred to as a 'professional accountant in public practice' for the purposes of the Code) may in some circumstances consider it appropriate to indicate that the assurance report is intended solely for specific users and could achieve this by restricting the distribution or use of the assurance report, depending on the engagement circumstances. Therefore, we believe the Board should also consider revising the wording "restriction on use and distribution" used in paragraph 900.12 and Section 990 of the Code to "restriction on use or distribution".

5. Do you agree with the proposed effective date? If not, please indicate why not and explain your reasoning.

We agree with the proposed effective date.

We would be pleased to discuss our comments with members of the International Ethics Standards Board or its staff. If you wish to do so, please contact Tone Maren Sakshaug (tone.maren.sakshaug@no.ey.com) or John Neary (john.neary@de.ey.com).

Yours sincerely,

Ernst + Young Global Limited