

10 March 2020

Mr Ken Siong
Senior Technical Director
International Ethics Standards Board

Dear Mr Siong

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

Thank you for the opportunity to comment on the exposure draft: *Proposed Revision to the Code Addressing the Objectivity of Engagement Quality Reviewers*.

The IPA is of the view that the *International Code of Ethics for Professional Accountants* (the Code), should include requirements for a cooling off period for Public Interest Entities (PIEs).

The IPA is of the opinion that a public expectation would be for the ethical code for auditors would put in place safeguards to ensure the objectivity of Engagement Quality Control Reviewers, including putting cooling off periods in place. As such, the IPA believes it is appropriate to include a cooling-off period requirement for EQCR reviewers within the Code as well as the requirement being cross-referenced (or repeated) in the proposed ISQM 2 *Engagement Quality Reviews*.

Our comments and responses to the questions in the Exposure Draft are set out in the Appendix to this letter.

If you would like to discuss our comments, please contact me or our technical advisers Mr Stephen La Greca (stephenlagreca@aol.com) or Mr Colin Parker (colin@gaap.com.au) GAAP Consulting.

Yours sincerely



Vicki Stylianou
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CC AUASB and APESB

About the IPA

The IPA is a professional organisation for accountants recognised for their practical, hands-on skills and a broad understanding of the total business environment. Representing more than 35,000 members in Australia and in over 65 countries, the IPA represents members and students working in industry, commerce, government, academia and private practice. Through representation on special interest groups, the IPA ensures the views of its members are voiced with government and key industry sectors and makes representations to Government including the Australian Tax Office (ATO), Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) on issues affecting our members, the profession and the public interest. The IPA recently merged with the Institute of Financial Accountants of the UK, making the new IPA Group the largest accounting body in the SMP/SME sector in the world.

Appendix

Specific Comments

Question 1

Do you support the proposed guidance addressing the topic of the objectivity of an EQCR?

IPA Response

The IPA believes the proposed guidance should mandate the cooling-off period for Public Interest Entities (PIEs). The IPA is of the view the expectation of users would be for the ethical code governing auditors to ensure the objectivity of EQCRs by mandating a cooling-off period.

The IPA also agrees the proposed guidance is suitable for engagements, other than PIEs, that have been determined by a firm to require an EQCR.

Question 2

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

IPA Response

The IPA supports the location of the proposed guidance in Section 120 of the Code.

Question 3

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

IPA Response

The IPA agrees that the cooling-off period for EQCRs should be included in the proposed ISQM 2, however, as noted in our response to Question 1 the IPA is of the view the Code should also include a cooling-off period for PIEs.
