

16 June 2022

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

Dear Sir,

**RESPONSE TO THE INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (“IESBA”) EXPOSURE DRAFT (“ED”) – PROPOSED TECHNOLOGY-RELATED REVISIONS TO THE CODE**

For this ED, the Institute of Singapore Chartered Accountants (ISCA) sought views from its members through a one-month public consultation and discussed the ED with members of the ISCA Ethics Committee.

Overall, we are supportive of the proposed technology-related revisions to the Code which have been developed in a principles-based manner to preserve the relevance of the Code as technology evolves.

Our comments to selected questions in the ED are as follows:

*Determining Whether the Reliance on, or Use of, the Output of Technology is Reasonable or Appropriate for the Intended Purpose*

**Question 2: Do you support the proposed revisions, including the proposed factors to be considered, in relation to determining whether to rely on, or use, the output of technology in proposed paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2? Are there other factors that should be considered?**

We are supportive of the examples of factors listed in proposed paragraphs 220.7 A2 and 320.10 A2 for professional accountants in business (PAIBs) and professional accountants in public practice (PAPPs) respectively, to consider in determining whether the reliance on, or use of, the output of technology is reasonable or appropriate for the intended purpose.

In the current business environment, it is common for junior level PAIBs to be utilising outputs of technology in their work. Hence, whilst we support proposed paragraph 220.7 A3 to consider whether a PAIB’s position within the employing organisation impacts his/her ability to obtain information, we suggest that IESBA provide clarity on how junior level PAIBs (as opposed to senior level PAIBs) would apply factors listed in proposed paragraph 220.7 A2.



Consideration of “Complex Circumstances” When Applying the Conceptual Framework

**Question 3: Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?**

We acknowledge IESBA’s views that complex circumstances have always existed and are not a new phenomenon specific to technology. Thus, the application material relating to complex circumstances should not be restricted to technology-specific situations.

Whilst we agree that the existence of complex circumstances is a consideration in applying the conceptual framework, we are uncertain of the value of the proposed application material as Part 1 of the Code already requires the application of the fundamental principles and the conceptual framework to a wide range of facts and circumstances<sup>1</sup> (including complex circumstances) that PAIBs and PAPPs might encounter.

Hence, we suggest that IESBA exclude the proposed application material relating to complex circumstances as such considerations of relevant facts and circumstances which might be rapidly changing, interconnected or interdependent, and managing the evolving interaction of such facts and circumstances, would already be expected of PAIBs and PAPPs in complying with the letter and spirit of the Code.

Independence (Parts 4A and 4B)

**Question 9: Do you support the proposed revisions to the International Independence Standards, including:**

**(c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).**

Extant paragraph R520.4 prohibits a firm, a network firm or an audit team member from having a close business relationship with an audit client or its management unless any financial interest is immaterial and the business relationship is insignificant to the client or its management and the firm, the network firm or the audit team member, as applicable.

We do not think that proposed paragraph 520.7 A1 is necessary as extant paragraph R520.4 would already prohibit a firm, a network firm or an audit team member from having any “close” business relationship with an audit client, including technology-related arrangements. Also, it duplicates proposed paragraph 600.6(b). Hence, we suggest that IESBA remove this proposed paragraph.

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<sup>1</sup> Paragraphs 100.4, 100.6 A3 and 120.1 of the Code.

**Question 11: Do you support the proposed changes to Part 4B of the Code?**

For the same reason as explained in our response to Question 9(c) above, we suggest that IESBA remove the conforming changes to proposed paragraph 920.6 A1 (which duplicates proposed paragraph 950.5) in making reference to the requirements and application material in Section 950.

Should you require any further clarification, please feel free to contact Ms Alice Tan at [alice.tan@isca.org.sg](mailto:alice.tan@isca.org.sg) or Ms Ng Shi Zhen at [shizhen.ng@isca.org.sg](mailto:shizhen.ng@isca.org.sg).

Yours faithfully,



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Divisional Director  
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