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### Proposed Quality Management-related Conforming Amendments to the Code

To the members of the International Ethics Standards Board for Accountants:

Grant Thornton International Ltd. (GTIL) appreciates the opportunity to comment on the exposure draft, Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code, approved for publication by the International Ethics Standards Board for Accountants (the IESBA or the Board).

GTIL is an umbrella organisation that does not provide professional services to clients. Professional services are delivered by GTIL member firms around the world. Representative GTIL member firms have contributed to and collaborated on this comment letter with the public interest as their overriding focus.

### Request for Specific Comment

#### 1. Do you agree with the proposed conforming amendments in this ED?

GTIL agrees with the proposed conforming amendments in the exposure draft and believes they align the Code with the terminology and concepts contained in the quality management standards.

#### 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. See explanation in the margin of paragraph 300.7 A5 (page 9).

#### Do you agree with the IESBA's view on this matter? If not, please explain why

GTIL does not agree with IESBA's view concerning decisions about accepting or providing services to a client in paragraph 300.7. International Standard on Quality Management 1 (ISQM 1) (paragraph 30) requires the firm to establish quality objectives that address the acceptance and continuance of client relationships and specific engagements. Furthermore, under ISQM 1 for acceptance and continuance decisions, **the firm** is required to make judgments about the firm's ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements. The engagement partner may use the information considered by the firm in this regard in determining whether the conclusions reached regarding the acceptance and continuance of client relationships and audit engagements are appropriate. If the engagement partner has concerns regarding the appropriateness of the conclusions reached, the engagement partner may discuss the basis for those conclusions with those involved in the acceptance and continuance process (International Standard on Auditing (ISA) 220 (revised), paragraph 51).

Accordingly, GTIL does not agree with including in the IESBA Code a requirement for the engagement partner to have authority within the firm regarding decisions about accepting or providing services to a client that is not consistent with the ISAs. The application guidance in ISA 220 (revised) as referenced above, states that when the engagement partner is directly involved throughout the firm's acceptance and continuance process, the engagement partner will be aware of the information obtained or used by the firm. Such direct involvement may also provide a basis for the engagement partner's determination that the firm's policies and procedures have been followed and that the conclusions reached are appropriate. ISQM 1 and ISA 220 (revised) both put the onus on the firm to develop the policies and procedures on client acceptance and continuance and holds the firm accountable to make judgments and conclude on the firm's ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements.

Therefore, we are proposing the Board consider modifying the language in the provision to read as:

The engagement partner having authority within the firm for decisions concerning compliance with the fundamental principles, including **determining whether the firm's policies and procedures and decisions about accepting or providing services to a client, have been followed and the conclusions reached are appropriate.**

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

GTIL agrees with the proposed effective date of December 15, 2022.

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GTIL would like to thank the IESBA for this opportunity to comment. As always, we welcome an opportunity to meet with representatives of the IESBA to discuss these matters further. If you have any questions, please contact Gina Maldonado-Rodek, Director - Global Independence at [gina.maldonado-rodek@gti.gt.com](mailto:gina.maldonado-rodek@gti.gt.com).

Sincerely,



**Trent Gazzaway** – Global Leader – Service Line Capabilities and Quality

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