

June 15, 2022  
Ref.: SEC/020/22 - DN

International Ethical Standards Board for Accountants (IESBA)  
545 Fifth Avenue, 14th Floor  
New York, NY 10017  
USA

Dear Sirs,

We, Ibracon – Instituto de Auditoria Independente do Brasil, appreciate the opportunity to comment on the Exposure Draft: Proposed Technology-related Revisions to the Code.

### **Request for Specific Comments**

#### ***Technology-related Considerations When Applying the Conceptual Framework***

**1. Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2? Are there other considerations that should be included?**

Yes. We support the proposals. In addition, we understand that the Code should include some practical examples considering the use of technology by a PA that might create a threat in terms of comply with the fundamental principles.

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

**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?**

Yes. We 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 the proposed paragraphs.

#### ***Consideration of “Complex Circumstances” When Applying the Conceptual Framework***

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

Yes. We believe that this explanation will complement the bias explanations to allow the PA in his/her assessment for complying with fundamental principles. We also understand that the Code should conclude the objective of this section to the PA in terms of comply with the fundamental principles in PA activities through some practical examples.

**4. Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?**

We are not aware of any other considerations.

***Professional Competence and Due Care***

**5. Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?**

We have no further comments.

**6. Do you agree with the IESBA not to include additional new application material (as illustrated in paragraph 29 of the explanatory memorandum) that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions) in the Code?**

Yes. We support the arguments described in the paragraphs 30 and 31 of the explanatory memorandum that in the entire Code there are implicit factors to the standards of the professional competence to be taken into consideration by the PAs.

***Confidentiality and Confidential Information***

**7. Do you support (a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and (b) the proposed Glossary definition of “confidential information?”**

Yes. Even though the Code already covers confidentiality matters, we believe that those proposed paragraphs might help the PAs.

**8. Do you agree that “privacy” should not be explicitly included as a requirement to be observed by PAs in the proposed definition of “confidential information” in the Glossary because it is addressed by national laws and regulations which PAs are required to comply with under paragraphs R100.7 to 100.7 A1 of the Code (see sub-paragraph 36(c) of the explanatory memorandum)?**

Yes. We understand that each jurisdiction has its own regulation and law related to privacy. However, we believe that the Code should mention a statement allowing jurisdictions to include their own paragraphs related to privacy (e.g., inclusion in the confidentiality section).

***Independence (Parts 4A and 4B)***

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

**(a) The proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to “routine or mechanical” services.**

In relation to the paragraph 400.16 A1 we understand that the individual designated by the client’s management should also understand the technology used in the professional activity in order to oversight this activity. However, the Code should not use the term “regardless” because there are circumstances that the professional activity just uses technology for specific purpose or for minimum process in that activity where having knowledge or not about that technology would not impact the overlooking.

**(b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum.**

Yes. We support the additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in the proposed paragraph.

**(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).**

We do not see negative impacts in having reminders in parts of Code. We just emphasize that those paragraphs or comments should be consistent with the entire Code.

**10. Do you support the proposed revisions to subsection 606, including:**

**(a) The prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility (see proposed paragraph 606.3 A1 and related paragraph 606.3 A2)?**

Yes. We support the proposed revisions to subsection 606 including the prohibition on services in relation to hosting (directly or indirectly) of an audit client's data, and the operation of an audit client's network security, business continuity and disaster recovery function because they result in the assumption of a management responsibility.

**(b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c) and the addition of "Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm" as an example of an IT systems service that might create a self-review threat in proposed paragraph 606.4 A3?**

We still believe that the item C in paragraph 606.4 A2 ("*implementing "off-the-shelf" accounting or financial information reporting software that was not developed by the firm or network firm, if the customization required to meet the client's needs is not significant.*") does not usually create a threat as long as the individuals within the firm or network firm do not assume management responsibility and because the customization required should not be significant.

**(c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?**

Yes. We support the proposed revisions to subsection 606 including the other examples of IT systems services in the proposed paragraph.

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

Yes. We support the proposed changes to Part 4B of the Code.

**Request for General Comments**

**In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below:**

- **Small- and Medium-sized Entities (SMEs) and SMPs** – The IESBA invites comments regarding any aspect of the proposals from SMEs and SMPs.

No comments.

- **Regulators and Audit Oversight Bodies** – The IESBA invites comments on the proposals from an audit inspection or enforcement perspective from members of the regulatory and audit oversight communities.

No comments.

- **Developing Nations** – Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular on any foreseeable difficulties in applying them in their environment.

No comments.

- **Translations** – Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.

No comments.

Best Regards,

  
**Valdir Renato Coscodai**  
President