

Proposed Technology-related Revisions to the Code -

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?

Answer:

Yes, we support the proposal set out on paragraphs 200.6 A2 and 300.6 A2.  
We did not find other considerations that should be included.

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?

Answer: Yes, we support the proposal set out on paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2.

We did not find other factors that should be considered.

Yes, we support the proposal set out on paragraphs R220.7, 220.7 A2, R320.10 and 320.10 A2.

We did not find other factors that should be considered.

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?

Answer:

We agree with the definition of complex circumstances as well as with the actions proposed to address these circumstances, which will help the acting professional to perform in the face of challenges.

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?

Answer:

In Argentina the term has the same meaning.

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?

Answer:

We consider that the aggregate in 113.1. A1 is appropriate, however, to note that it is not a consequence of the impact of technology, that is, they existed before IT was considered.

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?

Answer:

We agree, because section 113.1.a2 of the IESBA 2021 code says:  
Maintaining professional competence requires ongoing knowledge and understanding of relevant technical, professional, business and technological developments. Continuing professional development enables a professional accountant to develop and maintain the capabilities to perform competently within the professional environment.

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.
- (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.
- (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).

Answer:

a) 400.16 In agreement, although the approach based on principles interprets 400.15 with this scope.

601.5 A2. We agree with the revision, although the definition of the basis for determining whether an automatic service is routine or mechanical could be clearer. The reference to the firm's experience or judgment in determining that an automated service is routine or mechanical seems to infer that, if the technology is based on professional experience and judgment, it would not be "routine or mechanical."  
601.5 A3. It only adds the specification "manual or automated", it is explanatory and consistent with 601.5 A2.

b) We agree, although the term solutions is generic, and although it includes technological ones and current common use infers that meaning, it would be more explicit to include the term "technological"  
Regarding paragraphs 40 to 42, in agreement with the non-inclusion of examples, given that it could limit the approach based on principles of the code and probably, the irruption of technological innovations the validity of its contents.

c) According to proposed paragraph 520.7 A1, it is a direct reference to Section 600, and finds its explicit correlate in proposed 600.6

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)?
- (b) The withdrawal of the presumption in extant subparagraph 606.4 A2(c)18 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<sup>19</sup> in proposed paragraph 606.4 A3?
- (c) The other examples of IT systems services that might create a self-review threat in proposed paragraph 606.4 A3?

Answer:

(a) Totally agree. These are cases of IT services that involve assuming high-risk management responsibilities that would threaten the independence of the external auditor.

(b) In our opinion, it would be appropriate to maintain the current paragraph 606.4 A2 which indicates IT services that do not usually create threats to independence.

In particular, the implementation of some "canned software" to account for or prepare accounting reports - which requires minimal customization to meet the specific needs of the entity -, and without the professional assuming final responsibility, we do not believe that it threatens its independence as auditor. If this paragraph is maintained, the following paragraph (606.4 A3) could begin by stating: "Nevertheless, factors that are relevant..." so that they are not unrelated or contradictory.

(c) We agree that these IT services could create self-review threats. They should not be prohibited for entities that are not PIE, and the professional may have adequate safeguards that prevent their independence from being affected.