



**ASOCIACION INTERAMERICANA DE CONTABILIDAD
INTERAMERICAN ACCOUNTING ASSOCIATION
ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE**

San Juan, Puerto Rico August 26th, 2019

Members of the Board

International Ethics Standards Board for Accountants® (IESBA®).

529 5th Avenue, 6th Floor
New York, New York 10017

**REF: Proposed Revisions to Part 4B of the Code to Reflect Terms and Concepts
Used in ISAE 3000 (Revised)**

Dear Members of the Board,

The Inter-American Accounting Association (IAA) (AIC – in Spanish), welcomes the opportunity to comment on the Exposure Draft Proposed Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in ISAE 3000 (Revised)

This reply summarizes the views of different member countries of the IAA, according to the following due process:

Due process:

The Draft was submitted to the different IAA member, the Inter-American Technical Commissions (ITC) and the Sponsor Organizations (SO), hence all members had the opportunity to participate in the discussion of the Draft.

All comments received from the ITC and SO, were compared and discussed, before preparing a reply which has been approved upon by all members

General comments:

We decisively support the IESBA initiative on this important issue, considering the educational issue as fundamental in the formation and exercise of the accounting and auditing professional.

If you have any questions about our comments, please do not hesitate to contact us.

Sincerely,

Cornelio Porrás Cuéllar
PRESIDENT



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Comment Letter of the Interamerican Accounting Association- IAA on the document for public discussion referred to; “Proposed Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in ISAE 3000 (Revised)”.

We have answered the questions of the document in accordance with the provided instructions. Please see our answers and related comments below.

- Question 1** Do you believe that the changes in the key terminology used in the Exposure Draft, including the definition of ‘assurance client’, are clear and appropriate for use in Part 4B?
- Answer 1** **Yes, we consider that the changes in key terminology used in the Exposure Draft, including the definition of "assurance client", are clear, precise and appropriate for the purpose sought by the Code, in Part 4B.**
In fact, all proposed revisions, including the changes, are very clear and appropriate.
- Question 2** Do you have any comments on the application of the IESBA’s proposals to the detailed independence requirements and application material as explained above and summarized in the appendix?
- Answer 2** **Yes, we believe that the application of the IESBA proposals to the detailed independence requirements and the application material specified in the document and summarized in an appendix will be very important to maintain and increase the credibility of the other parties (responsible and users) of the insurance service.**
- Question 3** Do you have any comments on the other proposed changes, including on the consistency of terms and concepts in Part 4B in relation to the text of ISAE 3000 (Revised)? If so, please specify the area of inconsistency and suggest alternative wording.
- Answer 3** **Yes, we believe that in addition to the changes in terminology and the definition of client assurance and accuracy in the concepts of attestation or certification commitments and direct commitments, punctually presented in the draft standard, other changes and additions proposed as other types of insurance commitments presented in the appendix are very important that will allow an adequate application by the professional accountant in public activity and your company in its relationship with the other parties (responsible and users) in an assurance commitment.**
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- Question 4** Are there any other matters that you consider should be addressed with respect to the alignment with ISAE 3000 (Revised) in Part 4B or in other material, for example in an IESBA Staff publication? If so, please provide sufficient explanation, including practical examples of the matter where available.
- Answer 4** **No, we have no other issue to comment on the adequacy and harmonization between the ISAE 3000 (Revised) and Part 4B of the Code or other material considered for these comments**
- Question 5** Do you agree with the proposed effective date? If not, please indicate why not and explain your reasoning.
- Answer 5** ***No, we do not agree, we believe that one year and six months is a short term to make the rule effective, we propose that it should be extended to at least two years, ideally***



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three years. The reason for our disagreement and proposal is based on the difficulty indicated in our comment in paragraphs a), b) and c), especially in the arguments of a) and b), of the general comments that we issue below. A variant that could be applied is that the validity of the modified rule is June 15, 2021, with the exception of the SMP that will be on December 31, 2023.-

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:

- (a) *Small and Medium Practices (SMPs)* – The IESBA invites comments regarding the impact of the proposed changes for SMPs.

Small and Medium-Sized Practices (SMPs), mainly from countries considered as "Developing Nations", will have many difficulties in acknowledging these proposed revisions to Part 4B of the Code for several reasons, the main ones are indicated in the following comments b) and c) , that added to the little structure and capacity, especially economic, with which they count it becomes a very difficult mission to get to know the new norms or the changes posed to the effective ones, as they are the subjects motive of these commentaries. A great help that could be offered by the IESBA is by extending the term mentioned in number 5, above.

- (b) *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.

As discussed in c) below, developing countries have so many difficulties in properly adopting the international standards issued by IFAC through their different Councils for the translation problem, we mention that the International Financial Reporting Standards does not pose any inconvenience. In this regard, the IFRS Foundation has its own translation. This difficulty that these developing nations have is complemented by the difficulty involved in having access to the current IFAC regulations, although it is true that the issuer of the standards is available on the website, it must be taken into account that several of these Countries does not have sufficient and easy access to the website, added to the complexity of finding the standard that the user requires on the page. Aiming for a more universal application, IFAC must make every effort to facilitate access to its standards, especially to developing countries.

- (c) *Translations*—Recognizing that many respondents may intend to translate the final pronouncement for adoption in their environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.



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Possibly the biggest problem IAASB standards users have to face is translation into a language different from the one of origin (English), in particular Spanish, this language has discrepancies between translations made by different jurisdictions, since in this language there are several translators, which generates different interpretation from one jurisdiction to another, conspiring against the high quality of all the standards issued by the different IFAC Councils. We believe that a great solution to this problem could occur through a unique translation carried out by IFAC through an internal organization, for which it could constitute an official translation committee for the different languages.

Conclusion, based on the answers to the questions in numerals 1 to 6 and the general comments on number 7, specific and on amendments, we conclude that the proposed documents that will constitute the unauthorized guidance guide,(ie. not mandatory), are clear , understandable and practical for the future application of the guide when it is in force.