

June 26, 2019  
Ref.: SEC/036/2019 - DN

International Ethical Standards Board for Accountants (IESBA)  
529 Fifth Avenue  
New York, NY 10017  
USA

Dear Sirs,

We, Ibracon – Instituto dos Auditores Independentes do Brasil (Institute of Independent Auditors of Brazil), appreciate 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). See our comments below.

### **Request for Specific Comments**

**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?**

Yes. The practitioners and intended users will understand clearly the changes in the key terminology. In particular, the designation of assurance engagements instead of “assurance engagements other than audit or review engagements”.

Although this Part 4B of the Code states the definition for “assurance engagement” which includes the “responsible party” and also “the party taking responsibility for the subject matter information”, this could be misleading as to the difference between both parties. To understand this difference, practitioners should also understand clearly the definition of “underlying subject matter” and the “subject matter information”. Based on this potential mislead, we would suggest that the Code provides examples when the responsible party could be different from the “party taking responsibility for the subject matter information”. This could be exemplified as the Explanatory Memorandum described the role of the measurer or evaluator for attestation engagements.

Additionally, the Code could provide further examples of “direct engagements” in order to facilitate to practitioners how to understand clearly those situations.

**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?**

We have no comments on the application of the IESBA’s proposals to the detailed independence requirements and application material.

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.**

We did not identify inconsistencies between Part 4B of the Code and ISAE 3000 (Revised). Hence, we have no comments on the other proposed changes.

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.**

As answered in question #1, providing practitioners with illustrative examples of definitions would be useful for the understanding of terminologies and respective essence. We do not believe that the Code should be changed, but include additional material providing further explanation of certain topics (e.g., Assurance Engagement, Attestation Engagement, Subject Matter Information, Underlying Subject Matter, Responsible Party) could clarify potential doubts. We would suggest the IESBA Staff to make additional guidance available, such as FAQ or Q&A, on the most questioned topics.

As an example, the Explanatory Memorandum of the respective ED is a comprehensive material where the practitioners may understand the rationale for the changes. Given this information would not be part of the Code when this is to be issued, we would suggest that some parts of it (e.g., Background – definitions and explanations – and Significant Matters) be used as additional guidance.

5. **Do you agree with the proposed effective date? If not, please indicate why not and explain your reasoning.**

We agree with the proposed effective date.

#### **Request for General Comments**

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

No comments.

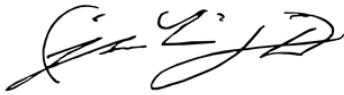
- (b) **Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular, on any foreseeable difficulties in applying them in their environment.**

Not applicable.

- (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.**

In connection with the answers for the questions #1 and #4, further explanatory information and examples for certain definitions may assist local standard setters in different countries to appropriately translate the revised Code into their local languages.

Best Regards,



**Francisco A. M. Sant'Anna**  
President



**Rogério Hernandez Garcia**  
Technical Director