

International Ethics Standards Board for Accountants
529 Fifth Avenue
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09 June 2022

Comment letter relating to the IESBA's Proposed Technology-related Revisions to the Code

Dear Board Members,

1. The Irish Auditing and Accounting Supervisory Authority ("IAASA") appreciates the opportunity to comment on the IESBA's ("Board") consultation on Proposed Technology-related Revisions to the Code.
2. In Ireland, the IESBA Code forms the basis for the Ethical Standard for Auditors (Ireland) issued by IAASA as well as the code of ethics of each of the prescribed accountancy bodies. IAASA clearly sees an interest in enhancing the content of the IESBA Code, as it constitutes the basis for the ethical requirements with which auditors and accountants in Ireland are required to comply.

General comments

3. We welcome IESBA's initiative aimed at revising the Code to remain relevant and fit for purpose in response to the effects of trends and developments in technology. These efforts will contribute to further enhancing confidence and public trust in the audit profession.

Specific comments

4. Regarding the proposals, we would like to raise the following comments:

Professional competence and due care

5. The wording in paragraph 113.1 A2 seems to suggest that a high level understanding of technology-related developments by the professional accountant is sufficient. We suggest clarifying that the required level of skills in technology-related developments is dependent on the types of services provided by the professional accountant.

Confidentiality of information

6. Paragraph 114.1 A1 states that maintaining confidentiality of information involves taking appropriate action to 'secure' such information throughout the cycle of data possession. Given that the word 'secure' can be broadly interpreted, we suggest including language to clarify what is expected from the professional accountant.

Complex circumstances

7. Paragraph 120.13 addresses complex circumstances. While it is useful to provide guidance to professional accountants on this topic, the language on both what complex circumstances entail and potential responses

are vague. We suggest being more specific on what complex circumstances entail. For example, a provision for doubtful debts may involve uncertainties and multiple variables and assumptions but would normally not be considered as complex.

8. We also suggest clarifying what the professional accountant is expected to do as a response to mitigate the challenges that may arise from complex circumstances.

Organisational culture

9. The language in paragraph 120.14 A3(b) should be expanded to state that professional accountants are expected to demonstrate ethical behaviour in dealings with all parties with which they have a professional or business relationship. For example, the proposed phrase 'business organisations and individuals' does not encompass government agencies.

Applying the conceptual framework – Professional accountants in business

10. In paragraph 200.6 A2, the considerations that are relevant to identifying threats when a professional accountant in business relies on the output from technology should also include the source and appropriateness of the inputs to that technology.

Preparation and presentation of information

11. The phrase 'ability to understand the output from the technology for the context in which it is to be used' in paragraph 220.7 A2 should be strengthened to cover the ability of a professional accountant in business to assess the reasonableness of the output.

Applying the conceptual framework – Professional accountants public practice

12. In paragraph 300.6 A2, the considerations that are relevant to identifying threats when relying on the output from technology should also include the source and appropriateness of the inputs to that technology.

Professional appointments – Using the work of an expert or the output of technology

13. The phrase 'ability to understand the output from the technology for the context in which it is to be used' in paragraph 320.10 A2 should be strengthened to cover the professional accountant's ability to assess the reasonableness of the output.
14. We suggest expanding the factors to be considered when a professional accountant intends to use the output of technology in paragraph 320.10 A2 to include appropriate user management, for example authorisations in the system and super users.

Business relationships

15. The proposed examples of technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2 could be improved. It could be clarified that the "products or solutions" are related to technology and the arrangements could also include cases in which one or both parties use the product or solution for internal purposes.

Provision of non-assurance services to an audit client

16. The language of paragraph 600.6(b) should be expanded to include ongoing maintenance and support of IT systems as well as the provision of hosting services to audit clients.
17. We consider that paragraph 601.5 A2 is unhelpful to determine whether accounting and bookkeeping systems include automated services that are routine or mechanical. IT systems services can be complex

systems but also simple models (for example, Excel). We suggest providing examples of what would be considered as mechanical/routine services and what would not.

18. As noted in our comment letter dated 29 May 2020, relating to the IESBA Exposure Draft on Non-Assurance Services, paragraph R606.6 prohibits the provision of IT systems services to an audit client that is a PIE if the provision of such services might create a self-review threat. We note that European legislation prohibits the provision of design or implementation services for financial information technology systems to an audit client that is a PIE. It would also seem helpful to retain the examples of prohibited IT systems services for PIE audit clients in paragraph 606.6 A1.

Other

19. In the Code both the terms 'professional accountant' and 'accountant' are used. We suggest considering if the term 'professional accountant' should be used consistently throughout.

I hope that you find the comments useful. Please do not hesitate to contact me if you have any questions.

Yours faithfully



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