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26 June 2019

Mr. Ken Siong
IESBA Senior Technical Director
International Federation of Accountants
529 5th Avenue
New York, New York 10017
USA

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

Dear Mr. Siong,

BDO International Limited¹ (BDO) is pleased to have the opportunity to comment on the International Ethics Standards Board for Accountants' (IESBA or Board) Exposure Draft, *Proposed Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in ISAE 3000 (Revised)*.

BDO summary

We appreciate the opportunity to review and provide comments on the IESBA Exposure Draft. From an overall perspective, we support the information included in the Exposure Draft.

Responses to Specific Questions

Key Considerations Guiding the Establishment of the Work Plan

- 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?**

The majority of the changes in the key terminology are clear. We support extending the definition of assurance client to include, in an attestation engagement, the party taking responsibility for the subject matter information.

We do have the following recommended changes:

- a. There is no specific reference to the new term 'direct engagement' in the IESBA Code other than in the definition of responsible party. In Par 900.16 A1, it states. 'In some assurance engagements, whether attestation or direct, there might be several responsible parties.'

We would recommend adding 'engagements' as follows, 'In some assurance engagements, whether attestation or direct engagements, there might be several responsible parties.'

This would allow the defined term to be found in a search of the IESBA Code.

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b. The last line of the definition of direct engagement is: In a direct engagement, the accountant's conclusion addresses the reported outcome of the measurement or evaluation of the underlying subject matter against the criteria.' The portion in yellow highlight is the definition of subject matter information, therefore, we would recommend revising the last line to, In a direct engagement, the accountant's conclusion addresses the reported subject matter information.'

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?

No comments.

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.

No comments.

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

We believe it would be helpful to provide an example of an attestation engagement and a direct engagement with similar fact patterns to show how to apply the standard in the two different situations.

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.

We appreciate the opportunity to comment on the Exposure Draft. We hope that our comments and suggestions will be helpful to you in your deliberations and development of future recommendations.

Please contact me should you wish to discuss any of these comments.

Yours sincerely,
BDO International Limited

Chris Smith
Global Head of Audit and Accounting