



20 September 2021

Mr Ken Siong  
Senior Technical Director  
International Ethics Standards Board for Accountants  
529 Fifth Avenue  
New York, NY 10017  
USA

Dear Sir,

**RESPONSE TO THE INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (“IESBA”) EXPOSURE DRAFT (“ED”) – PROPOSED QUALITY MANAGEMENT-RELATED CONFORMING AMENDMENTS TO THE CODE**

In preparation of this comment letter, the Institute of Singapore Chartered Accountants (“ISCA”) has gone through a rigorous due diligence process to deliberate the proposals in the ED. ISCA has sought views from its members on the ED through a one-month public consultation and discussed the ED with members of the ISCA Ethics Committee (“ISCA EC”).

We support IESBA’s proposed conforming amendments to this ED and the effective date of 15 December 2022.

Our comments to the specific questions in the ED are as follows:

**Question 1: Do you agree with the proposed conforming amendments in this ED?**

Yes, we agree with the proposed conforming amendments in this ED.

**Question 2: In addition to the proposed conforming amendments, the IESBA also considered the matter raised concerning decisions about accepting or providing services to a client in paragraph 300.7 A5. See explanation in the margin of paragraph 300.7 A5 (page 9).**

**Do you agree with the IESBA’s view on this matter? If not, please explain why.**

Paragraph 300.7 A5 - A professional accountant’s evaluation of the level of a threat might be impacted by the work environment within the accountant’s firm and its operating environment. For example:

...

- The engagement partner having authority within the firm for decisions concerning compliance with the fundamental principles, including decisions about accepting or providing services to a client.

The International Auditing and Assurance Standards Board (“IAASB”) Staff suggested that the phrase “including decisions about accepting or providing services to a client” be deleted on the ground that the provision in Paragraph 300.7 A5 implies that the engagement partner makes the decision to accept or continue the client engagement.

IAASB appears to take the position that given the firm can override the engagement partner on client acceptance decisions, reference to engagement partner involvement should be struck out. On the other hand, IESBA views that regardless of the firm’s ability to override the engagement partner, the engagement partner is always responsible despite the firm’s involvement.

These two views seem to be polarised at each end of the spectrum. We believe that the decision whether to accept or continue a client relationship or specific engagement should be the shared responsibility of the firm and the engagement partner.

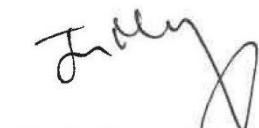
As such, we recommend that IESBA reconsiders its decision not to amend this provision, to reflect the arguments put forth by the IAASB Staff in the ED that the firm makes the decision whether to accept or continue a client relationship or specific engagement and the engagement partner confirms that the firm followed its policies or procedures in this regard.

**Question 3: Do you agree with the proposed effective date? If not, please explain your reasoning.**

Yes, we agree with the proposed effective date.

Should you require any further clarification, please feel free to contact myself or Ms Alice Tan, Senior Manager, TECHNICAL: Ethics & Specialised Industries, from ISCA via email at [jumay.lim@isca.org.sg](mailto:jumay.lim@isca.org.sg) or [alice.tan@isca.org.sg](mailto:alice.tan@isca.org.sg) respectively.

Yours faithfully,



Ms Ju May, LIM  
Deputy Director  
TECHNICAL: Financial Reporting;  
Ethics & Specialised Industries;  
Audit & Assurance;  
Sustainability & Climate Change