

Association of Accounting Technicians (AAT) response to IESBA proposed technology related revisions to the code consultation

Key points

Technology-related Considerations When Applying the Conceptual Framework

Q1. Do you support the proposals which set out the thought process to be undertaken when considering whether the use of technology by a PA might create a threat to compliance with the fundamental principles in proposed paragraphs 200.6 A2 and 300.6 A2? Are there other considerations that should be included?

AAT agrees with the proposals and considers them to be sufficiently comprehensive in covering the various threats that may arise in the circumstances envisaged. AAT therefore does not have any suggestions for further considerations to be included.

Consideration of “Complex Circumstances” When Applying the Conceptual Framework

Q3. Do you support the proposed application material relating to complex circumstances in proposed paragraphs 120.13 A1 to A3?

AAT generally supports the proposals but suggest that consideration is given to clarifying that 120.13 A2 is not an exhaustive list and rather states that Complex Circumstance ‘may’ involve some or all of those elements suggested.

Q4. Are you aware of any other considerations, including jurisdiction-specific translation considerations (see paragraph 25 of the explanatory memorandum), that may impact the proposed revisions?

AAT is not aware of any other such considerations.

Professional Competence and Due Care Q5. Do you support the proposed revisions to explain the skills that PAs need in the digital age, and to enhance transparency in proposed paragraph 113.1 A1 and the proposed revisions to paragraph R113.3, respectively?

AAT strongly supports the concept that a modern professional requires a number of ‘soft skills’. In addition, digital skills for PAs are increasingly critical, as the focus on technology in these proposals show, and should be included in qualifications (whether core or as elective modules) and heavily promoted through CPD / lifelong learning. On that basis we support the proposed wording in 113.1 A1.

However, in relation to R113.3 there is a question as to what may sit outside of the ‘limitations’ referred to, and the definition of ‘sufficient information’. This appears to change the requirements from informing the client of what is ‘within scope’, to also having to itemise everything that is ‘without scope’ of the professional agreement. This may be a dangerous precedent.

Q6. Do you agree with the IESBA not to include additional new application material (as illustrated in paragraph 29 of the explanatory memorandum) that would make an explicit reference to standards of professional competence such as the IESs (as implemented through the competency requirements in jurisdictions) in the Code?

AAT agrees with the fundamental principle that it is the professional’s obligation to identify the relevant standards applicable to them.

Confidentiality and Confidential Information

Q7. Do you support

(a) the proposed revisions relating to the description of the fundamental principle of confidentiality in paragraphs 114.1 A1 and 114.1 A3; and

(b) the proposed Glossary definition of “confidential information?”

AAT supports the revisions in 114.1 A1 as it is line with our own expectations in relation to strengthening data security.

AAT has no objections to the definition of ‘Confidential information’ in the Glossary.

Q8. Do you agree that “privacy” should not be explicitly included as a requirement to be observed by PAs in the proposed definition of “confidential information” in the Glossary because it is addressed by national laws and regulations which PAs are required to comply with under paragraphs R100.7 to 100.7 A1 of the Code (see sub-paragraph 36(c) of the explanatory memorandum)?

If there is a genuine concern that the explicit inclusion of ‘privacy’ might result in conflict with national laws and regulations then AAT understands the proposal that it need not be included. However, as an alternative, AAT suggests that it would be possible to include an explicit reference to privacy within the code with guidance around minimum provisions whilst referencing that this might be superseded by national laws and/or regulations in some jurisdictions. By including wording of this nature it would ensure that the Glossary is not silent on this matter.

Independence (Parts 4A and 4B)

Q9. Do you support the proposed revisions to the International Independence Standards, including:

(a) The proposed revisions in paragraphs 400.16 A1, 601.5 A2 and A3 relating to “routine or mechanical” services.

(b) The additional proposed examples to clarify the technology-related arrangements that constitute a close business relationship in paragraph 520.3 A2. See also paragraphs 40 to 42 of the explanatory memorandum.

(c) The proposed revisions to remind PAs providing, selling, reselling or licensing technology to an audit client to apply the NAS provisions in Section 600, including its subsections (see proposed paragraphs 520.7 A1 and 600.6).

AAT has no objections to the proposed revisions, noting that the definitions and examples are generally neither proscriptive nor exhaustive and therefore allow for professional judgement.

Q11. Do you support the proposed changes to Part 4B of the Code?

AAT strongly supports the inclusion of references to ESG reporting, and generally supports the additions which provide clarification through examples of ‘management responsibility’.

About AAT

AAT is a professional accountancy body with approximately 50,000 full and fellow members and over 90,000 student and affiliate members worldwide. Of the full and fellow members, there are more than 6,000 licensed accountants who provide accountancy and taxation services to over 600,000 British businesses.

AAT is a registered charity whose objectives are to advance public education and promote the study of the practice, theory and techniques of accountancy and the prevention of crime and promotion of the sound administration of the law.

Further information

If you have any queries, require any further information or would like to discuss any of the above points in more detail, please contact Adam Williamson, AAT Head of Responsible Business & Policy:

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