



National Association of State Boards of Accountancy

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April 24, 2017

International Ethics Standards Board  
for Accountants  
International Federation of Accountants  
529 Fifth Avenue, 6<sup>th</sup> Floor  
New York, New York 10017

Via email: [KenSiong@ethicsboard.org](mailto:KenSiong@ethicsboard.org)

Attention: Ken Siong, IESBA Technical Director

Re: Proposed Revisions Pertaining to Safeguards in the Code—Phase 2 and Related Conforming Amendments

Dear Members and Staff of the International Ethics Standards Board for Accountants (IESBA):

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to offer comments to the above referenced Exposure Draft. NASBA's mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy that regulate all certified public accountants and their firms in the United States and its territories.

In furtherance of that objective, we offer the following comments on the Exposure Draft. We have keyed our responses to the questions as presented on pages 16-17 of the Exposure Draft.

### **Responses on Requests for Specific Comment**

#### **Section 600, Provision of Non-Assurance Services to an Audit Client**

1. Do respondents support the proposals in Section 600? If not, why not?

*Overall, we are in agreement with the proposals in Section 600, but do offer the following comments for consideration:*

- *The use of terms “generally or “usually” in Sections 601.3 A4, 604.5 A1 and 609.3 A1 introduces ambiguity that can cause difficulty for regulators to interpret.*
- *On page 24, R601.6, consider replacing the double negatives “shall not” and “that is not” in the first sentence of this section.*

In particular, do respondents agree with the proposal to extend the scope of the prohibition on recruiting services as described in paragraph 25(h) above to all audit client entities? If not, please explain why.

- *NASBA supports the extended prohibition on recruiting services as described in paragraph 25(h).*

**Section 950, Provision of Non-Assurance Services to an Assurance Client**

2. Do respondents support the proposals in Section 950? If not, why not?

*NASBA supports the proposals in Section 950.*

**Conforming Amendments Arising from the Safeguards Project**

3. Do respondents agree with proposed conforming amendments set out in:

- (a) Chapter 2 of this document.
- (b) The gray text in Chapters 2–5 of Structure ED-2.

*NASBA agrees with the proposed conforming amendments as identified above.*

4. Respondents are asked for any comments on any other matters that are relevant to Phase 2 of the Safeguards project.

- *On page 45, 330.4 A3- We do not believe that the proposed phrase “Whether the client is aware of the terms of the engagement” is sufficient to demonstrate that the accountant has ensured that the client has a clear understanding of the engagement fees. Not having a clear fee arrangement with the client may be a threat to the accountant’s objectivity and create a conflict of interest.*
- *On page 48, R410.64 (a) the statement “Disclose to ...; and” appears to be incomplete.*
- *On page 36, 609.3 A1 allows “advising on” a candidate’s competence... yet R609.6 indicates “a firm or network firm shall not provide a recruiting service”. These instructions appear to be in conflict with each other and may create a self-interest or intimidation threat.*

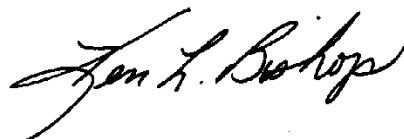
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Thank you for the opportunity to comment on the *Proposed Revisions Pertaining to Safeguards in the Code—Phase 2 and Related Conforming Amendments*.

Very truly yours,



Telford A. Lodden, CPA  
NASBA Chair



Ken L. Bishop  
NASBA President and CEO