

16 March 2020

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

Re: *Proposed Revisions to the Code Addressing the Objectivity of Engagement Quality Reviewers*

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 the Code Addressing the Objectivity of Engagement Quality Reviewers*.

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

1. Do you support the proposed guidance addressing the topic of the objectivity of an EQR?

Yes, we support the proposed guidance:

- We believe the examples of threats are helpful;
- We agree with the factors that are included as relevant in evaluating the level of the threats; and
- We agree with the examples of safeguards or actions that might address the threats.

We propose the addition of the following factor to paragraph 120.14 A3

- *The nature of the relationship with an engagement team member or engagement partner.*

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2. If so, do you support the location of the proposed guidance in Section 120 of the Code?

Yes, we support the location of the proposed guidance in Section 120 of the Code as the information relates to the objectivity of the engagement quality reviewer.

3. Do you agree with the IESBA that it would be more appropriate for the IAASB to determine whether a cooling-off requirement should be introduced in proposed ISQM 2 as discussed in Section III.C above, and that the Code should not be prescriptive in this regard?

Yes, we agree with the IESBA that it would be more appropriate for the IAASB to determine whether a cooling-off requirement should be introduced in ISQM 2. We believe that there may be a risk with setting a prescribed minimum cooling-off period as threats to objectivity may persist beyond the end of this period. However, we have reviewed the proposed ISQM 2 standard papers to be discussed at the IAASB March Board meeting, and with the draft changes included in the proposed standard (paragraph 16A and application material A14) we believe that this risk would be adequately addressed.

As recommended in our response to ED ISQM 2, we continue to recommend that a cross-reference in ISQM 2 to the applicable IESBA paragraphs in section 120 would be helpful for the reader.

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