

CII Brief - 2018

Quality Control Standards in Audit Engagements (objectivity)

The main points of interest revolve around the five fundamental elements of a firm's quality control system namely: independence, integrity, and objectivity; personnel management; acceptance and continuance of issuer audit engagements; engagement performance; and monitoring. In particular, independence and objectivity is highlighted as vital for audit quality. This includes maintaining independence from directors and issuer management. Assessment of the internal audit function is also considered important, involving evaluation of the internal auditor's objectivity and competence. Policies to uphold internal auditors' objectivity are encouraged, as well as considering factors that may affect auditor's independence. The process of assigning work and providing robust supervision is emphasized as part of personnel management. This document reaffirms the importance of the confirmation process, and the need to evaluate information about the respondent's competence, knowledge and motivation. In case of engaging with a specialist, ensuring their objectivity and independence from the client is highlighted as crucial.

Upholding Professional Ethics: Core Principles in the IESBA Code (confidentiality)

One of the primary interests expressed in the text focuses on the fundamental ethical principles outlined within the IESBA code. These principles include integrity, objectivity, professional behavior, and, notably, confidentiality. The principle of confidentiality insists on respecting information obtained through professional or business relationships. It discourages disclosure of such information to third parties without proper authority, barring exceptions for legal or professional obligations. Additionally, using this confidential information for personal or third-party advantage is discouraged.

Stakeholders' Views on Audit Firms' Fees and its Impact on Ethics and Independence (ethics)

The level of fees charged by audit firms is a topic of interest, as some stakeholders see it as a factor that might affect auditor independence and a professional accountant's commitment to the IESBA Code of Ethics. Auditor independence and ethical adherence are considered crucial for instilling confidence in financial data and boosting its credibility, thus improving audit quality. The discussion encourages stakeholders to question whether the fees levied by audit firms give rise to ethical and/or independence concerns, based on the five fundamental principles of professional ethics embodied in the IESBA code: integrity, professionalism, and honesty in all professional and business relationships.

IESBA Seeks Stakeholder Insights on Audit Fees Impact on Professional Ethics (auditor independence)

The International Ethics Standards Board for Accountants (IESBA) is seeking stakeholder opinion regarding the impact of audit firms' fee levels on auditor independence and professional competency. Some stakeholders believe that the fee levels could influence the

ability of a professional accountant to adhere to the core principles in the IESBA Code of Ethics. Ensuring auditor independence and compliance with these principles are critical for maintaining confidence and credibility in financial information, which in turn contributes to audit quality. The IESBA is particularly interested in understanding if, and how, audit firm fees affect compliance with professional ethical principles and auditor independence.

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