

Paris, June 23, 2022

*Subject matter: IESBA ED – February 2022 – Proposed Technology-related Revisions to the Code*

Dear President,

The Conseil National de l'Ordre des Experts-Comptables (CNOEC) which gathers the profession of chartered accountants in France is pleased to provide to the IESBA its comments on the ED on the « *Proposed Technology-related Revisions to the Code* ».

Overall, we naturally adhere to the IESBA's legitimate desire to provide the most effective framework possible for the potential independence risks that may be generated by the increasing use of technology in the work of the professional accountant.

The CNOEC notes, however, that the drafting and philosophy of the proposals presented are increasingly conceptual and may create difficulties in their practical application.

With respect to this exposure draft, but also more generally, the CNOEC wishes to draw the attention of the IESBA to a continuing apprehension on the part of small and medium-sized firms with respect to proposals to amend the International Code of Ethics.

The CNOEC, as a member organization of IFAC, recognizes the obligation to use appropriate means to encourage and/or assist in the implementation of the IESBA Ethical Standards and Guidelines for its members. However, this task is becoming increasingly difficult in light of the editorial form that is moving further and further away from that which constitutes our Code of Ethics, carried by Decree No. 2012-432 of March 30, 2012.

In addition, the application of safeguards may pose practical difficulties in small and medium-sized firms, exacerbating the distortion with large firms. We believe that this should not be the objective of the IESBA, and as such practical solutions should be sought and proposed in the International Code of Ethics to address this growing inequity.

For the various questions in the technology exposure draft, we submit the two following fundamental comments:

- With respect to paragraph 200.6 A2 and the fourth bullet "*Whether the technology incorporates expertise or judgments of the accountant or the employing organization*" and to paragraph 601.5 A2 "*Accounting and bookkeeping services can either be manual or automated. In determining whether an automated service is routine or mechanical, factors to be considered include how the technology functions and whether the technology is based on expertise or judgments of the firm or a network firm*", the sentence "*whether the technology is based on expertise or judgments of the firm or a network firm*" is too wide and therefore needs clarification. Are we talking about a technological tool that has been configured upstream by the professional, in agreement with the client? How extensive could this configuration be allowed to be ?



Clarification as well as some examples in the context of small entities where bookkeeping services are often provided would be very useful.

- With respect to the deletion of the current paragraph 606.4 A2 « *Providing the following IT systems services to an audit client does not usually create a threat as long as individuals within the firm or network firm do not assume a management responsibility: (...)* », we consider that this is an important change in the approach by withdrawing the presumption that the provision of certain computer system services generally do not create a threat as long as individuals within the firm or network did not have management responsibility. It is accentuated by the proposed paragraph 606.4 A3 providing, among other examples, that “*Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm,*” might create a self-review threat.

The examples listed that could create a self-review threat result in the almost mandatory application of safeguards by the professional accountant. However, small and medium-sized firms that do not have multi-disciplinary teams in place will not be able to rely on appropriate safeguards, even though their independence can be guaranteed.

We believe that the current paragraph 606.4 A2 should be maintained with the addition of information provided to the client by the professional accountant on the conditions of implementing accounting or financial reporting software.

The CNOEC, under the control of its supervisory authority, the Ministry of the Economy, has chosen this approach to overcome the difficulty of practical application of the safeguards by certain firms. Thus, for example, after having performed an assurance engagement of low level, specific to France, named the “Presentation of the accounts”, with bookkeeping, the certified public accountant may perform a contractual audit engagement, provided that he mentions in his audit report his previous engagements with the client. The transparency provided on the engagements by the professional accountant becomes a guarantee of his independence vis-à-vis his client but also vis-à-vis third parties.

We hope that our comments will be useful to the IESBA. Please do not hesitate to contact us if you want to discuss any of them.

Best regards.



**Lionel CANESI**  
President of the CNOEC

