



441 G St. N.W.
Washington, DC 20548

March 13, 2020

Mr. Ken Siong
Senior Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017

GAO's Response to the International Ethics Standards Board for Accountants' January 2020 Exposure Draft, *Proposed Revision to the Code Addressing the Objectivity of Engagement Quality Reviewers*

Dear Mr. Siong:

This letter provides GAO's response to the exposure draft, *Proposed Revision to the Code Addressing the Objectivity of Engagement Quality Reviewers*. GAO promulgates generally accepted government auditing standards (GAGAS) in the United States. GAGAS provides a framework for conducting high-quality audits of government awards with competence, integrity, objectivity, and independence. Our comments reflect the importance we place on reinforcing the values promoted in both the *International Code of Ethics for Professional Accountants* (Code) and GAGAS.

We appreciate the International Ethics Standards Board for Accountants' (IESBA) efforts to enhance the quality and consistency of services that professional accountants provide, thus contributing to public trust and confidence in the accountancy profession. We support the IESBA's efforts to ensure that the Code remains principles based while also accommodating developments in engagement quality reviews.

Responses to Request for Specific Comments

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

We support the proposed guidance addressing the objectivity of an engagement quality reviewer (EQR).

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

We support the location of the proposed guidance in section 120 of the Code.

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?

We agree with the IESBA that the Code should remain principles based and that prohibition or limitation of individuals serving in an EQR role should be based on the application of the conceptual framework to the specific facts and circumstances.

General Comment

Impact of Proposed Guidance on Government Auditors

We do not believe the proposed guidance will have a significant impact on government audit organizations, many of which are small and medium practices.

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Thank you for the opportunity to comment on these important issues. If you have questions about this letter or would like to discuss any of the matters it addresses, please contact me at (202) 512-3133 or dalkinj@gao.gov.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James R. Dalkin". The signature is stylized with a large initial "J" and a long horizontal stroke at the end.

James R. Dalkin
Director
Financial Management and Assurance