



24 May 2012

International Ethics Standards Board for  
Accountants (IESBA)  
Jan Munro  
IESBA Deputy Director

Email: [janmunro@ifac.org](mailto:janmunro@ifac.org)

Ref.: ETH/PRJ/HBL/LFU/PCO

Dear Ms. Munro,

**Re: FEE comments on IESBA Exposure Draft on Proposed Change to the Definition of “Engagement Team”**

- (1) FEE (the Federation of European Accountants) is pleased to provide you with its comments on the IESBA Exposure Draft on the Proposed Change to the Definition of “Engagement Team” (“the ED”).
- (2) Further to the revision by the IAASB of ISA 610 *Using the Work of Internal Auditors*, we note the proposed change in the ED to amend the Code in order to avoid that the Code is in conflict with ISA 610, particularly if the proposed change intends clarifying that individuals in the internal audit function do not meet the definition of a member of the “engagement team”.
- (3) In the ED it is concluded that individuals in the internal audit function providing direct assistance do not meet the definition of a member of the engagement team because they are not partners or a member of the professional staff of the firm or network firm. The IESBA proposes a change to the definition of engagement team to state that individuals in an internal audit function providing direct assistance do not meet the definition of the engagement team under the Code.
- (4) The proposed change in the ED is consistent with the FEE Comments on the IAASB Exposure Draft on proposed ISA 610 (Revised) issued on 15 November 2010<sup>1</sup>. In relation to this particular aspect, FEE suggested that it would be relevant to clearly state as part of a definition that internal audit staff are not to be considered as members of the engagement team.

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<sup>1</sup> See the FEE Comment Letter at [http://www.fee.be/publications/default.asp?library\\_ref=4&content\\_ref=1307](http://www.fee.be/publications/default.asp?library_ref=4&content_ref=1307)

- (5) Moreover, since we believe that internal audit staff are not members of the engagement team, this means that they are not in general, thus not only when providing direct assistance to the external auditor but also when not providing direct assistance to the external auditor. Therefore, we agree that individuals within an audit client's internal audit function must be excluded from the definition of a member of the engagement team as proposed in the ED in accordance with ISA 610 but also regardless of whether they are providing direct assistance or not on the audit engagement. The IESBA could use the proposed change in the ED as an opportunity to expand the clarification of the definition of "engagement team" in the Code in this respect.

For further information on this FEE<sup>2</sup> letter, please contact Hilde Blomme on +32 2 285 40 77 or via email at [hilde.blomme@fee.be](mailto:hilde.blomme@fee.be) or Leyre Fuertes on +32 2 285 40 76 or via email at [leyre.fuertes@fee.be](mailto:leyre.fuertes@fee.be) from the FEE Secretariat.

Yours sincerely,

Philip Johnson  
FEE President



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<sup>2</sup> FEE is the Fédération des Experts comptables Européens (Federation of European Accountants). It represents 45 professional institutes of accountants and auditors from 33 European countries, including all of the 27 European Union (EU) Member States. In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 700.000 professional accountants, working in different capacities in public practice, small and big firms, government and education, who all contribute to a more efficient, transparent and sustainable European economy.

FEE's objectives are:

- To promote and advance the interests of the European accountancy profession in the broadest sense recognising the public interest in the work of the profession;
- To work towards the enhancement, harmonisation and liberalisation of the practice and regulation of accountancy, statutory audit and financial reporting in Europe in both the public and private sector, taking account of developments at a worldwide level and, where necessary, promoting and defending specific European interests;
- To promote co-operation among the professional accountancy bodies in Europe in relation to issues of common interest in both the public and private sector;
- To identify developments that may have an impact on the practice of accountancy, statutory audit and financial reporting at an early stage, to advise Member Bodies of such developments and, in conjunction with Member Bodies, to seek to influence the outcome;
- To be the sole representative and consultative organisation of the European accountancy profession in relation to the EU institutions;
- To represent the European accountancy profession at the international level.

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