



ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS

**Accountants Park
Plot 2374, Thabo Mbeki Road
P.O. Box 32005
Lusaka
ZAMBIA**

Telephone: + 260 21 1 255345/255356/255361, Fax + 260 21 1 255355

E-mail: techzica@coppernet.zm

zica@coppernet.zm

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**IAASB Technical Director
International Auditing and Assurance Standards Board
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA**

Dear Sir,

Comments on Exposure Drafts on ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on the Exposure Draft issued by the International Auditing and Assurances Standards Board (IAASB). Our comments on the proposed changes are as follows:

Question 1

Do respondents believe that the nature and extent of requirements in proposed ISAE 3000 would enable consistent high quality assurance engagements while being sufficiently flexible given the broad range of engagements to which proposed ISAE 3000 will apply?

Comment

We believe that the proposed ISAE 3000 would enable consistent high quality engagements, while being sufficiently flexible to apply to the broad range of relevant engagements except as to the concerns we have raised to the questions below.

Question 2

With respect to levels of assurance:

- (a) Does proposed ISAE 3000 properly define, and explain the difference between, reasonable assurance engagements and limited assurance engagements?
- (b) Are the requirements and other material in proposed ISAE 3000 appropriate to both reasonable assurance engagements and limited assurance engagements?
- (c) Should the proposed ISAE 3000 require, for limited assurance, the practitioner to obtain an understanding of internal control over the preparation of the subject matter information when relevant to the underlying subject matter and other engagement circumstances?

Comment

- (a) We do believe that though the proposed ISAE 3000 has properly defined, and explained the difference between, reasonable assurance engagements and limited assurance engagements as highlighted by paragraph 8 (a), a few examples of reasonable assurance engagements and limited assurance engagements would have enhanced the definitions.
- (b) The requirements and other material in proposed ISAE 3000 seems to be appropriate to both reasonable assurance engagements and limited assurance engagements.
- (c) We believe that more guidance is necessary for allowing the practitioner to decide when it is necessary in limited assurance engagements to obtain an understanding of internal control over the preparation of the subject matter information. In short the proposed ISAE 3000 does not provide guidance of circumstances as to when a practitioner should obtain an understanding of internal control over the preparation of the subject matter information. The use of the word ‘when relevant’ is too broad and is susceptible to wide interpretation.

Question 3

With respect to attestation and direct engagements:

- (a) Do respondents agree with the proposed changes in terminology from “assurance-based engagements” to “attestation engagements” as well as those from “direct-reporting engagements” to “direct engagements”?

- (b) Does proposed ISAE 3000 properly define, and explain the difference between, direct engagements and attestation engagements?
- (c) Are the objectives, requirements and other material in the proposed ISAE 3000 appropriate to both direct engagements and attestation engagements? In particular:
 - (i) In a direct engagement when the practitioner's conclusion is the subject matter information, do respondents believe that the practitioner's objective in paragraph 6(a) (that is, to obtain either reasonable assurance or limited assurance about whether the subject matter information is free of material misstatement) is appropriate in light of the definition of a misstatement (see paragraph 8(n))?
 - (ii) In some direct engagements the practitioner may select or develop the applicable criteria. Do respondents believe the requirements and guidance in proposed ISAE 3000 appropriately address such circumstances?

Comment

- (a) We do agree with the proposed changes in the terminologies.
- (b) We believe that the proposed ISAE 3000 properly defines and explains the difference between direct engagements and attestation engagements.
- (c) We believe the objectives, requirements and other material in the ISAE 3000 are appropriate for both direct and attestation engagements.
 - i) The objective is appropriate as the key is the level of the assurance being provided by the practitioner. However, it seems that by definition of material, a limited assurance might not measure properly the underlying subject matter against the applicable criteria given that limited works is carried out in comparison to an attestation engagement.
 - ii) No appropriate guidance has been given in the proposed ISAE 3000 on circumstances when the practitioner may select or develop the applicable criteria.

Question 4

With respect to describing the practitioner's procedures in the assurance report:

- (a) Is the requirement to include a summary of the work performed as the basis for the practitioner's conclusion appropriate?
- (b) Is the requirement, in the case of limited assurance engagements, to state that the practitioner's procedures are more limited than for a reasonable assurance engagement and consequently they do not enable the practitioner to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement, appropriate?

- (c) Should further requirements or guidance be included regarding the level of detail needed for the summary of the practitioner’s procedures in a limited assurance engagement?

Comment

- (a) The requirement to include a summary of the work performed as the basis for the practitioner’s conclusion is appropriate. The summary is important as it helps intended users to understand the nature of the assurance conveyed by the assurance report and also allows the intended users to understand the work performed as the basis for the practitioner’s conclusion (Paragraphs 150 & 153).
- (b) We believe that this requirement is appropriate and understandability of the practitioner’s report on limited assurance engagements would be enhanced.
- (c) We have not identified any need for further requirements or guidance regarding the level of detail needed for the summary of the practitioner’s procedures in a limited assurance engagement. We believe the requirements provided are adequate.

Question 5

Do respondents believe that the form of the practitioner’s conclusion in a limited assurance engagement (that is, “based on the procedures performed, nothing has come to the practitioner’s attention to cause the practitioner to believe the subject matter information is materially misstated”) communicates adequately the assurance obtained by the practitioner?

Comment

We believe that the proposed form of practitioner’s conclusion in a limited assurance engagement does adequately convey the level of assurance obtained by the practitioner. The wording distinguishes a reasonable assurance engagement to a limited assurance engagement as in the former, an opinion is given where as in the latter, no opinion is given.

Question 6

With respect to those applying the standard:

- (a) Do respondents agree with the approach taken in proposed ISAE 3000 regarding application of the standard by competent practitioners other than professional accountants in public practice?
- (b) Do respondents agree with proposed definition of “practitioner”?

Comment

- (a) We do agree with the approach taken in proposed ISAE 3000 regarding application of the standard by competent practitioners other than professional accountants in public practice. As indicated in the proposed ISAE 3000, Public Sector Auditors are already carrying out some of the assurance engagements envisaged in the standard on Assurance Engagements. Therefore, to ensure public interest is preserved, all competent practitioners should be able to apply the standard in their performance of assurance engagements within the scope of the standard.
- (b) We do agree with the definition of practitioner as per paragraph 8 (q) in the proposed ISAE 3000, the definition encompasses the entire engagement team.

COMMENTS ON OTHER MATTERS

Public Sector - Recognizing the applicability of proposed ISAE 3000 to many assurance engagements in the public sector, the IAASB invites respondents from this sector to comment on the proposed ISAE, in particular on whether, in their opinion, the special considerations in the public sector environment have been dealt with appropriately in the proposed ISAE.

Comment

We are of the opinion that the special considerations in the public sector environment have been dealt with appropriately in the proposed ISAE.

Small-and Medium-Sized Practices (SMPs) and Small-and Medium-Sized Entities (SMEs)—Recognizing the applicability of proposed ISAE 3000 to assurance engagements on historical financial information in a SME context or by SMPs, the IAASB invites respondents from this constituency to comment on the proposed ISAE, in particular on the scalability of requirements.

Comment

We believe the requirements in the standard are scalable to the SMEs. We do not anticipate any difficulties with the requirements once applied by the SMPs.

Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the International Standards, the IAASB invites respondents from these nations to comment on the proposed ISAE, in particular, on any foreseeable difficulties in applying it in a developing nation environment.

Comment

We do not foresee difficulties in applying the proposed ISAE in a developing nation environment.

Translations- Recognizing that many respondents may intend to translate the final ISAE for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents may note in reviewing the proposed ISAE.

Comment

The ISAEs are not presently translated in Zambia and therefore we do not foresee any translation issues that may arise.

Effective Date—The IAASB believes that an appropriate effective date for the final ISAE 3000 would be 12–15 months after approval of the final standard but with earlier application permitted. The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the ISAE.

Comment

We believe that the tentative effective date suggested in the proposed ISAE 3000 (Revised) would be appropriate.

The Institute will be ready to respond to any matters arising from the above comments.

Yours faithfully

Musonda Boniface
Technical Officer