

ENHANCING AUDIT QUALITY IN THE PUBLIC INTEREST: A FOCUS ON PROFESSIONAL SKEPTICISM, QUALITY CONTROL AND GROUP AUDITS

TEMPLATE FOR RESPONSES—OVERVIEW

The following template is intended to facilitate responses to the IAASB’s Overview of the Invitation to Comment (ITC), *Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits*. The questions set out below are replicated from the questions in the Overview on pages 30–31. Question numbers are coded to the consultation topics as follows:

- **G = General Question**
- **PS = Professional Skepticism**
- **QC = Quality Control**
- **GA = Group Audits**

RESPONDENT’S INFORMATION

Name: <i>(Please also fill in name in header for ease of reference)</i>	INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF UGANDA (ICPAU)
Description of the capacity in which you are responding (e.g., preparer, audit committee member, investor, IFAC member body, audit oversight body, firm, SMP, individual, etc.)	IFAC MEMBER BODY
Name of contact person at organization (if applicable):	CPA MARK OMONA TECHNICAL MANAGER
E-mail address:	momona@icpau.co.ug

G1. Table 1 describes what we believe are the most relevant public interest issues that should be addressed in the context of our projects on professional skepticism, quality control, and group audits. In that context:

- (a) Are these public interest issues relevant to our work on these topics?
- (b) Are there other public interest issues relevant to these topics? If so, please describe them and how, in your view, they relate to the specific issues identified.
- (c) Are there actions you think others need to take, in addition to those by the IAASB, to address the public interest issues identified in your previous answers? If so, what are they and please identify who you think should act.

G1(a)	YES
G1(b)	NO
G1(c)	NO

G2. To assist with the development of future work plans, are there other actions (not specific to the topics of professional skepticism, quality control, and group audits) that you believe should be taken into account? If yes, what are they and how should they be prioritized?

G2	NO
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G3. Are you aware of any published, planned or ongoing academic research studies that may be relevant to the three topics discussed in this consultation? If so, please provide us with relevant details.

G3	NO
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PS1. Is your interpretation of the concept of professional skepticism consistent with how it is defined and referred to in the ISAs? If not, how could the concept be better described?

PS1	YES
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PS2. What do you believe are the drivers for, and impediments to, the appropriate application of professional skepticism? What role should we take to enhance those drivers and address those impediments? How should we prioritize the areas discussed in paragraph 37?

PS2	<p>Drivers: All the fundamental Principles enshrined in the Code of Ethics</p> <p>Application: 1. Concept of professional skepticism should be emphasized in every ISA, in IESs and all the different parts of the IESBA Code.</p> <p>2. A professional skepticism framework that focuses on professional skepticism should be in place to demystify its technical nature in the life of the understanding of the audit.</p>
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Name of Respondent: ICPAU

PS3. What actions should others take to address the factors that inhibit the application of professional skepticism and the actions needed to mitigate them (e.g., the International Accounting Education Standards Board, the International Ethics Board for Accountants, other international or national standards setters, those charged with governance (including audit committee members), firms, or professional accountancy organizations)?

PS3	YES
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QC1. We support a broader revision of ISQC 1 to include the use of a quality management approach (QMA) as described in paragraphs 51–66.

- (a) Would use of a QMA help to improve audit quality? If so why, and if not, why? What challenges might there be in restructuring ISQC 1 to facilitate this approach?
- (b) If ISQC 1 is restructured to require the firm’s use of a QMA, in light of the objective of a QMA and the possible elements described in paragraph 65, are there other elements that should be included? If so, what are they?
- (c) In your view, how might a change to restructure ISQC 1 impact the ISAs, including those addressing quality control at the engagement level?
- (d) If ISQC 1 is not restructured to require the firm’s use of a QMA, how can we address the call for improvements to the standard to deal with differences in the size and nature of a firm or the services it provides?

QC1(a)	YES. Auditors would focus more on quality risks, reinforce the tone at the top, create great mood in the middle line managers and more buzz at the bottom of the team. Currently, ISQCI does not provide more robust integrated governance principles geared to re-think of quality risks, in particular recurring audits. No anticipation of impractical challenges.
QC1(b)	NO
QC1(c)	A more authoritative guidance in the other ISAs. Emphasis for quality will be clearer.
QC1(d)	NA

QC2. We are also thinking about revising our quality control standards to respond to specific issues about audit quality (see paragraphs 67–83).

- (a) Would the actions described in paragraphs 68–83 improve audit quality at the firm and engagement level? If not, why?
- (b) Should we take other actions in the public interest to address the issues in paragraphs 67–83?
- (c) Should we take action now to tackle other issues? If yes, please describe the actions, why they need priority attention, and the action we should take.

QC2(a)	YES
QC2(b)	YES

QC2(c)	NO
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GA1. We plan to revise ISA 600 (and other standards as appropriate) to respond to issues with group audits.

- (a) Should we increase the emphasis in ISA 600 on the need to apply all relevant ISAs in an audit of group financial statements? Will doing so help to achieve the flexibility that is needed to allow for ISA 600 to be more broadly applied and in a wide range of circumstances (see paragraphs 84–97)? If not, please explain why. What else could we do to address the issues set out in this consultation?
- (b) Would the actions we are exploring in relation to ISA 600 improve the quality of group audits? If not, why?
- (c) Should we further explore making reference to another auditor in an auditor’s report? If yes, how does this impact the auditor’s work effort?
- (d) What else could the IAASB do to address the issues highlighted or other issues of which you are aware? Why do these actions need priority attention?

GA1(a)	YES. This would achieve flexibility
GA1(b)	YES
GA1(c)	NO
GA1(d)	NIL