

Ouagadougou, October 2, 2020

To the Chairman

International Auditing and Assurance Standards Board
International Federation of Accountants
529 Fifth Avenue
New York, NY 10017
USA

Our ref.: ED/2020/01

ED: ISA 600

Dear Sir,

We appreciate the opportunity to comment on the International Auditing and Assurance Standards Board's (IAASB) Exposure Draft ISA 600.

We have read the drafts with interest and have greatly appreciated that any stakeholder is given chance to express his view.

This letter and the bellow appendix represent the views of, the ETY on the subjected matter.

If you have any questions regarding its content, please do not hesitate to contact us at y.traore@ety-global.com or ety@ety-global.com.

Sincerely yours



ETY sas
Yacouba TRAORE, President

Appendix Responses to questions included in the Exposure Draft

Section 3 Request for Comments

Respondents are asked to comment on the clarity, understandability and practicality of application of the requirements and related application material of ED-600. In this regard, comments will be most helpful if they are identified with specific aspects of ED-600 and include the reasons for any concern about clarity, understandability and practicality of application, along with suggestions for improvement.

1. Overall Questions

1) With respect to the linkages to other standards:

(a) Does ED-600 have appropriate linkages to other ISAs and with the proposed ISQMs?

(b) Does ED-600 sufficiently address the special considerations in a group audit with respect to applying the requirements and application material in other relevant ISAs, including proposed ISA 220 (Revised)? Are there other special considerations for a group audit that you believe have not been addressed in ED-600?

Yes, we think ED 600 has appropriate linkage to ISQM and other relevant ISAs including ISA 220 revised.

No other special considerations to be reported.

2) With respect to the structure of the standard, do you support the placement of sub-sections throughout ED-600 that highlight the requirements when component auditors are involved?

Yes, we support the placement of sub-sections highlighting requirements for component auditors when they are involved, throughout ED 600. Doing so allow the whole group audit team to consistently understand and apply comprehensively every requirement at the right phases of the audit. It also reinforce the scalability of the standard.

3) Do the requirements and application material of ED-600 appropriately reinforce the exercise of professional skepticism in relation to an audit of group financial statements?

Yes, ED-600 appropriately reinforce the exercise of professional skepticism by highlighting it in the requirements (Par.5 and 6) and the application material (Par. A7 and A9).

2. Specific Questions

4) Is the scope and applicability of ED-600 clear? In that regard, do you support the definition of group financial statements, including the linkage to a consolidation process? If you do not support the proposed scope and applicability of ED-600, what alternative(s) would you suggest (please describe why you believe such alternative(s) would be more appropriate and practicable).

Yes, the scope and applicability of ED-600 is clear. We support the definition of group financial statements and the linkage to a consolidation process. **However we do believe that the IAASB should extend the scope of the standard to “combined financial statements”** (Conceptual framework par. 3.12) because in some jurisdictions there are an important population of reporting entities at group level which do not have a parent-subsidiary relationship with the other component entities. In these jurisdictions, it exists a mandatory group audit for these kind of reporting entities.

- 5) Do you believe the proposed standard is scalable to groups of different sizes and complexities, recognizing that group financial statements, as defined in ED-600, include the financial information of more than one entity or business unit? If not, what suggestions do you have for improving the scalability of the standard?

Yes, we believe the standard is scalable to groups of different sizes and complexities, **but we think the scope should be extended to “combined financial statements”** (Conceptual framework par. 3.12) because in some jurisdictions there are an important population of reporting entities at group level which do not have a parent-subsidiary relationship with the other component entities. In these jurisdictions, it exists a mandatory group audit for these kind of reporting entities.

- 6) Do you support the revised definition of a component to focus on the ‘auditor view’ of the entities and business units comprising the group for purposes of planning and performing the group audit?

Yes, we do.

- 7) With respect to the acceptance and continuance of group audit engagements, do you support the enhancements to the requirements and application material and, in particular, whether ED-600 appropriately addresses restrictions on access to information and people and ways in which the group engagement team can overcome such restrictions?

Yes, we do. We think that ED-600 address adequately restrictions on access to information and people in the requirements and its application and explanatory material.

- 8) Will the risk-based approach result in an appropriate assessment of the risks of material misstatement of the group financial statements and the design and performance of appropriate responses to those assessed risks? In particular, the IAASB is interested in views about:

(a) Whether the respective responsibilities of the group engagement team and component auditors are clear and appropriate?

(b) Whether the interactions between the group engagement team and component auditors throughout the different phases of the group audit are clear and appropriate, including sufficient involvement of the group engagement partner and group engagement team?

(c) What practical challenges may arise in implementing the risk-based approach?

(a) (b) Yes, the respective responsibilities of the group engagement team and the component auditors and interactions are clear. **However, we do believe that the requirements (par.25 to 28 and par.43) and the application material (par.106 to par.113), while claiming a two-way communication seem to ignore the needs of the component auditors in planning and executing the audit including risk of material misstatements assessment (no requirements for the group engagement team to provide information to them)**

(c) Professional confidentiality requirements can limit interaction between the group engagement team and the component auditors.

- 9) Do you support the additional application material on the commonality of controls and centralized activities, and is this application material clear and appropriate?

Yes, we do support the additional application material and we consider the application material clear and appropriate.

- 10) Do you support the focus in ED-600 on component performance materiality, including the additional application material that has been included on aggregation risk and factors to consider in determining component performance materiality?

Yes, we do.

- 11) Do you support the enhanced requirements and application material on documentation, including the linkage to the requirements of ISA 230? In particular:

(a) Are there specific matters that you believe should be documented other than those described in paragraph 57 of ED-600?

(b) Do you agree with the application material in paragraphs A129 and A130 of ED-600 relating to the group engagement team's audit documentation when access to component auditor documentation is restricted?

Yes, we do support the linkage to requirements of ISA 230.

(a) No

(b) Yes, we do, that is consistent with the other ISAs

- 12) Are there any other matters you would like to raise in relation to ED-600?

No.

3. Request for General Comments

- 1) The IAASB is also seeking comments on the matters set out below:

(a) Translations—Recognizing that many respondents may intend to translate the final ISA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing the ED-600.

No significant issue identified.

(b) Effective Date—Recognizing that ED-600 is a substantive revision, and given the need for national due process and translation, as applicable, the IAASB believes that an appropriate effective date for the standard would be for financial reporting periods beginning approximately 18 months after approval of a final ISA. Earlier application would be permitted and encouraged. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the ISA.

In our jurisdiction the 18 months effective date will be appropriate because the new ISAs are immediately applicable when issued.