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

TEMPLATE FOR RESPONSES

The following template is intended to facilitate responses to the IAASB’s 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 ITC on pages 87–95. 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

<table>
<thead>
<tr>
<th>Name:</th>
<th>IFAC member body</th>
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<tbody>
<tr>
<td>Description of the capacity in which you are responding (e.g., IFAC member body, audit oversight body, firm, SMP, individual, etc.)</td>
<td>Elliot T Wonenyika</td>
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<td>E-mail address:</td>
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GENERAL QUESTIONS

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.

<table>
<thead>
<tr>
<th>G1(a)</th>
<th>We agree that the issues identified in Table 1 are relevant to the work on the topics of professional skepticism, quality control and group audits.</th>
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<tr>
<td>G1(b)</td>
<td>None</td>
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<tr>
<td>G1(c)</td>
<td>We believe that the following actions should be taken to compliment the efforts of the IAASB to address the public interest issues identified:</td>
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<thead>
<tr>
<th>Action</th>
<th>Responsible person/body</th>
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<tr>
<td>Firms should foster a culture with their entities which inculcates the need to exercise professional skepticism and have policies and procedures which ensures that this happens.</td>
<td>Firms</td>
</tr>
<tr>
<td>Firms should relook at the audit documentation and methodology especially in areas where they evidence that they have appropriately applied professional skepticism.</td>
<td>Firms</td>
</tr>
<tr>
<td>Regulators should follow up on remedial actions taken in respect of results from firm quality inspections.</td>
<td>Regulators</td>
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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 | None |

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.
<p>| | |</p>
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<tr>
<td>G3</td>
<td>No</td>
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### PROFESSIONAL SKEPTICISM

**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 | Our interpretation is consistent with how it is defined in the ISAs. |

**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 | |

**PS3.** Is the listing of areas being explored in paragraph 38–40 complete? If not, what other areas should we or the Joint Working Group consider and why? What do you think are the most important area to be considered?

| PS3 | |

**PS4.** Do you believe the possible actions we might take in the context of our current projects relating to quality control and group audits will be effective in promoting improved application of professional skepticism? If not, why?

| PS4 | |

**PS5.** 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 IAESB, the IESBA, other international standards setters or NSS, those charged with governance (including audit committee members), firms, or professional accountancy organizations)? Are there activities already completed or underway of which we and the Joint Working Group should be aware?

| PS5 | |
QUALITY CONTROL (INCLUDING QUESTIONS EXPLORING Crossover Issues/Issues Relevant to More Than One Project)

The following questions relate to quality control matters set out in paragraphs 45–190. If you believe actions relating to quality control beyond those discussed in these paragraphs should be prioritized, please describe such actions and your supporting rationale as to why they require priority attention.

QC1. We support a broader revision of ISQC 1 to include the use of a QMA as described in paragraphs 45–67.

(a) Would use of a QMA help to improve audit quality? If not, why not? 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 paragraphs 64 and Table 3, 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, do you believe that we should otherwise address the matters described in paragraph 59 and Table 2, and if so, how?

| QC1(a) | i. Would use of a QMA help to improve audit quality
Yes, given that a QMA is risk based and would therefore be easier to implement regardless the size of the firm or the nature of services they offer.

ii. What challenges might there be in restructuring ISQC 1 to facilitate this approach?
Currently ISQC 1 focuses on quality control with reference to audit engagements, with the QMA there would be need to overhaul ISQC1 as a QMA will require firms to consider quality control in respect of all the services they offer.

| QC1(b) | We have not identified any additional elements to be included.

| QC1(c) | |

| QC1(d) | We believe that even if ISQC 1 is not restructured to require the firm’s use of a QMA the matters described in Table 2 will still need to be addressed as follows:

i. Risk(s) of not achieving quality objectives – move ISQC 1 towards a principle based approach for risk identification which would allow for flexibility in the application of the standard as compared to the current standardised assumption based model for identifying quality control risks.

ii. Monitoring quality from all sources – expand requirements with regards to monitoring to include information from external sources including external inspections.

iii. Conditional requirements – allow for more conditional requirements by allowing for a risk based assessment in the identification and development of quality control policies and procedures.

iv. Scalability – Develop application guidance material on the individual requirements to take into potential different circumstances which may be facing firms. |
Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits

Template for Responses

Name of Respondent: Institute of Chartered Accountants of Zimbabwe (ICAZ)

| v. | Audit and non-audit context – expand the current scope of ISQC 1 to ensure that the requirements also encompass quality control issues in a non-audit context by for example not only focusing on independence requirements on client acceptance which may not be relevant when providing non-audit services. |

QC2. Engagement Partner Roles and Responsibilities

(a) Paragraphs 69–86 set out matters relating to the roles and responsibilities of the engagement partner.

(i) Which of the actions outlined in paragraphs 85–86 would be most meaningful to address issues related to engagement partner responsibilities?

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Describe any potential consequences of possible actions that you believe we need to consider further.

(b) Do you think it is necessary for the ISAs to include requirements or otherwise address the circumstances described in paragraph 79 in which an individual other than the engagement partner is required to or otherwise customarily sign(s) the auditor’s report or is named therein? If yes, please explain why, and provide your views about how this could be done (including describing the work effort you believe would be necessary for such an individual).

| QC2(a)(i) | i. Providing further clarity in ISA 220 about what is meant by performance, direction, supervision and review by the engagement partner, either by strengthening the requirements or enhancing the application material that discusses the responsibilities of the engagement partner in relation to these matters

ii. Building into ISA 220 (and ISA 600) a more proactive, scalable and robust approach to the identification of risks to audit quality at the engagement level, and development of specific responses to address those risks.

iii. Clarifying that, as part of their responsibilities, engagement partners should be appropriately involved at all stages of the audit (i.e., planning, performance and completion). |

| QC2(a)(ii) | The actions would strengthen and clarify the engagement partners’ responsibilities with regards quality at all stages of the audit. Also incorporating a more proactive, scalable and robust approach to identification of audit quality risks will be in line with proposed of QMA in ISQC 1. |

| QC2(a)(iii) | None |

| QC2(a)(iv) |

| QC2(b) | No |
QC3. *Others Involved in the Audit*

(a) Paragraphs 87–104 set out matters relating to involvement of others in the audit:

(i) Which of the actions outlined in paragraphs 100–104 would be most meaningful to address issues related to others participating in the audit?

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Describe any potential consequences of possible actions that you believe we need to consider further.

(b) Should we develop further requirements or application material for circumstances when other auditors are involved in an audit engagement (i.e., auditors that don’t meet the definition of component auditors)?

| QC3(a)(i) | a) specific requirements and application material are warranted when other auditors are used;  
| QC3(a)(ii) | The above actions will provide guidance to auditors when making use of other auditors who are not necessarily component auditors as defined in ISA 600, currently in this instance the standard allows simply says the auditor may apply the requirements of ISA 600 without providing detailed guidance.  
| QC3(a)(iii) | We don’t support the proposed action of an auditor using another auditor’s audit report as audit evidence as undue reliance can be placed on that other auditors work. Also making reference to that other auditor’s report in the reporting auditors, audit report may infer that responsibility over the audit is shared between the two auditors.  
| QC3(a)(iv) | None  
| QC3(b) | Yes. The absence of requirements or application material has resulted in auditors at time failing to what extent can they apply the requirements of ISA 600 for example, when faced with such a situation. |
QC4. The Firms’ Role in Supporting Quality

(a) Paragraphs 106–123 set out matters relating to networks of firms and use of ADMs.

(i) Which of the actions outlined in paragraphs 114–116 and 122–123 would be most meaningful to address issues related to firms operating as part of a network of firms and firms’ changing business models and structures?

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Describe any potential consequences of possible actions that you believe we need to consider further.

(b) Specifically:

(i) What could we do to address the issues identified in the context of networks of firms? For example, should we develop more detailed requirements and application material to address reliance on network-level policies and procedures at a firm or engagement level?

(ii) Do you think it would be feasible for us to develop requirements and guidance for networks? Please provide a basis for your views.

(iii) Paragraphs 117–123 set out matters relating to the use of ADMs and related issues.

   a. How should our standards emphasize the importance of appropriate quality control processes in relation to use of ADMs?

   b. Are you aware of ADMs that raise issues not discussed in paragraphs? If so, please provide details.

| QC4(a)(i) | a) Describing what the firm is required to do at the firm level, and the engagement level, to appropriately rely on network firm quality control and monitoring policies and procedures.  
| QC4(a)(i) | b) Strengthening the requirements and application material in ISQC 1 in relation to inspections that have taken place across the network and related communications.  
| QC4(a)(i) | c) acknowledge the use of ADMs, and emphasize the need for appropriate policies and procedures for these structures as part of the firm’s system of quality control and at the engagement level |

| QC4(a)(ii) | In respect of (a) and (b) this would assist firms in customizing network firm quality control and monitoring policies to meet specific needs taking cognizance of size and other local regulatory requirements. This would also be in line with the proposed quality management approach.  
| QC4(a)(ii) | Proposed action (c) would clarify quality control issues to be considered when a firm is making use of ADM’s |

| QC4(a)(iii) | None |

| QC4(a)(iv) | None |
QC4(b)(i) We think additional requirements and application material may be necessary to address reliance on network firm policies and procedures.

QC4(b)(ii) Yes. We think that the requirements will be more of guidance in establishing the extent to which a firm can place reliance on network firm policies and procedures. The feasibility issues identified in the ED may not be relevant given that the requirements will focus more on the factors that a network firm may consider in determining the extent to which they can place reliance on network firm’s policies and procedures.

QC4(b)(iii)a The standards should come up with specific requirements and application material when a firm a making use of ADM’s. These requirements should be incorporated in existing standards rather than coming up with a new and separate standard that addresses use of ADM’s

QC4(b)(iii)b None

QC5–QC10 address the more significant issues relating to quality control specific matters

QC5. Governance of the Firm, Including Leadership Responsibilities for Quality

(a) Paragraphs 125–135 set out matters relating to governance of firms, including leadership responsibilities for quality.

(i) Which of the possible actions outlined in paragraphs 131–135 would be most meaningful in addressing issues related to firm governance and leadership responsibility for quality?

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Please also describe any potential consequences of possible actions that you believe we need to consider further.

(b) Specifically:

(i) Do you believe it is necessary for us to explore how the governance of a firm could be addressed in ISQC 1?

(ii) Should ISQC 1 specifically address accountability of firm leadership, or appropriate personnel within firm leadership, for matters related to quality, including independence-related matters? If so, how should this be done, and what direction should ISQC 1 provide to firms in appointing appropriate individuals to assume these responsibilities?

(iii) Would the use by firms of a QMA provide better support or context for the importance of quality-related responsibilities for firm leadership, and related accountability, and therefore better facilitate the ability of firms to address these matters?

QC5(a)(i) a) Clarifying leadership responsibilities to include governance responsibility

b) Including accountability responsibilities

c) Identify appropriate personnel within firm leadership to be responsible and accountable
QC5(a)(ii) The actions above would assist in the following ways:

a) Align firm practices with current corporate governance trends which filter down to the improvement of quality of work done by firms.

b) Regulators will especially require firm leadership to be accountable to quality as this would assist them in enforcing quality control requirements.

c) Independence is a topical and fundamental issue to audit engagements hence identifying specific and appropriate personnel to be responsible and accountable for independence matters. This would bring more prominence to quality control on independence.

QC5(a)(iii) None

QC5(a)(iv) None

QC5(b)(i) Yes

QC5(b)(ii) Yes

a) Addressing accountability:

   ISQC 1 should have a specific requirement that firm leadership are accountable to quality.

b) Addressing appropriate personnel

   ISQC 1 should require firms to appoint appropriate personnel within firm leadership, for matters related to quality, including independence-related matters and provide application material on the factors a firm needs to consider in identifying these personnel.

QC5(b)(iii) Yes. Since under QMA one of the key pillars is accountability.

QC6. Engagement Quality Control Reviews and Engagement Quality Control Reviewers

(a) Paragraphs 136–146 set out matters relating to engagement quality control reviews and engagement quality control reviewers.

   (i) Which of the possible actions outlined in paragraphs 143–146 would be most meaningful in addressing issues related to EQC reviews and EQC reviewers?

   (ii) Why do you believe these actions are necessary?

   (iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

   (iv) Please also describe any potential consequences of possible actions that you believe we need to consider further.

(b) Specifically:

   (i) Should ISQC 1 mandate the performance of EQC reviews beyond audits of listed entities? If yes, what other entities should be considered and how could we best define these entities? If
no, please explain your reasoning.

(ii) Do you believe it is necessary for ISQC 1 to require that firms define the minimum period of time between when an individual has been the engagement partner and when that individual would be eligible to serve as the EQC reviewer on the same engagement? If yes, how do you think this should be done and why? If no, please explain why.

(iii) Would you support the development of a separate EQC review standard? Please explain the reasoning for your response.

| QC6(a)(i) | a) Elevating the application material in ISQC 1 and ISA 220 concerning criteria for selecting those engagements subject to EQC review to requirements.  
| QC6(a)(i) | b) Strengthening the requirements and application material in ISQC 1 in relation to the establishment of criteria by the firm for selecting those engagements that require an EQC review.  
| QC6(a)(i) | c) Adding a new requirement, or clarifying the existing requirement, to focus on the selection of engagements for review based on identified risks of the engagements, such that engagements with higher audit risk or, if a firm is using a QMA, those that pose greater risk of negatively affecting the firm’s ability to meet its quality objectives would be more likely to be selected.  
| QC6(a)(i) | d) Strengthening the requirements and application material regarding the selection of the EQC reviewer, for example, elevating the application material in ISQC 1 concerning policies and procedures to maintain objectivity of the EQC reviewer to requirements  
| QC6(a)(i) | e) Strengthening the documentation requirements in ISA 220 to include the timing and the substance of the EQC review procedures performed, and significant or substantive discussions between the engagement partner and the EQC reviewer  
| QC6(a)(i) | f) Strengthening the requirements and application material in ISA 220 by further specifying the nature and extent of matters to be considered by the EQC reviewer  

The above requirements and application material will allow for consistency from one firm to the other on the following matters:

a) Selection of engagements which require a EQC review  
b) Nature and timing of work performed by a EQC reviewer  

The above requirements clarifies the nature of work to be carried by the EQC reviewer and the documentation requirements thereof.

| QC6(a)(iii) | None  
| QC6(a)(iv) | None  

| QC6(b)(i) | ISQC 1 should not mandate entities that require an EQC review since this would be difficult in coming with a requirement that can apply to different circumstances globally.  
| QC6(b)(i) | Also mandating this would go against the general nature of the IAASB standards which are principle based as compared to being prescriptive.  
| QC6(b)(ii) | No, This issue is already being addressed in the IESBA code of ethics. Therefore we
recommend that the standard makes reference to compliance with ethical requirements with regards the EQC reviewer.

| QC6(b)(iii) | No. EQC’s should be read in the context of quality control standards and having them separately might result in the loss of the context of the standard. |

**QC7. Monitoring and Remediation**

(a) Paragraphs 147–159 set out matters relating to monitoring and remediation.

(i) Which of the possible actions outlined in paragraphs 156–159 would be most meaningful in addressing issues related to monitoring and remediation?

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Please also describe any potential consequences of possible actions that you believe we need to consider further.

(b) Specifically:

(i) Do you support the incorporation of a new requirement(s) in ISQC 1 for firms to understand the causal factors of audit deficiencies relating to inspection findings and other reviews? If not, why? Are there any potential consequences or other challenges of taking this action that you believe we need to consider?

(ii) Do you support the incorporation of a new requirement(s) in ISQC 1 for the results of the firm’s monitoring of the effectiveness and appropriateness of the remedial actions to be considered in the design and assessment of the effectiveness of the firm’s system of quality control? Please provide further detail to explain your response.

| QC7(a)(i) | Strengthening the requirements and enhancing the application material for:  
|           | a) An analysis of any external findings and appropriate responses thereto, in the same way that internal findings are considered;  
|           | b) Consideration of whether inspection findings would have implications for other engagements as well as the firm’s system of quality control;  
|           | c) Consideration of how the performance of pre-issuance reviews and post-issuance reviews, and the results thereof, may factor into the firm’s system of quality control; and  
|           | d) The role and results of external reviews and how these interact with the internal monitoring system.  
|           | Obtaining an understanding of the causal factors of audit deficiencies identified by inspections and other reviews |

| QC7(a)(ii) | These requirements and application material would clarify actions that firms need to take in respect to inspections other than internal inspections. Also this would be in line with the proposed QMA based quality system |

| QC7(a)(iii) | None |
QC7(a)(iv) None

QC7(b)(i) Yes. This would address regulators concern raised on failure by firms to come up with remedial actions to address external inspections findings.

QC7(b)(ii) Yes. This would be in line with the QMA as the firm would now be designing a quality control system to address findings from monitoring activities.

QC8. Engagement Partner Performance and Rewards Systems

Paragraphs 160–170 set out matters relating to engagement partner performance and rewards systems.

(a) Do you believe that establishing a link between compensation and quality in ISQC 1 would enhance audit quality? Why or why not?

(b) What actions (if any) do you believe we should take in this regard? Are there potential consequences of possible actions that you believe we need to consider?

QC8(a) No. In determining remuneration so many other factors have to be considered over and above quality, therefore establishing this link may be difficult to apply in practice.

QC8(b) None

QC9. Human Resources and Engagement Partner Competency

(a) Paragraphs 171–187 set out matters relating to human resources and engagement partner competency.

(i) Which of the possible actions outlined in paragraphs 176–178 and 187 would be most meaningful in addressing issues relating to human resources and engagement partner competency?

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Please also describe any potential consequences of possible actions that you believe we need to consider further.

(b) Specifically, which of the possible actions outlined, or other actions not described, in paragraphs 176–178 and 187 would most positively impact audit quality:

(i) Arising from issues related to knowledge, skills, competence and availability of a firm’s partners and staff?

(ii) Related to engagement partner competency?

(iii) Why do you believe these actions are necessary? If you would not support a particular action, please explain why, including any potential consequences of those actions that you believe we need to consider.

QC9(a)(i) a) Application material to support that part of career development and promotion is providing timely and informative performance appraisals and evaluations
### QC9(a)(ii)

This action would clarify how a firm can ensure that it has competent Human resources and at partner level.

The explanation of more experience team members would remove ambiguity and inconsistences in the interpretation of the term.

**QC9(a)(iii)** None

**QC9(a)(iv)** None

### QC9(b)(i)

- a) Timely performance appraisals and evaluations
- b) Maintaining evidence of the procedures performed to address the requirements on competence and experience of human resources

### QC9(b)(ii)

- a) Considering whether ISQC 1 should explicitly highlight the competencies in IES 8 (Revised) in the areas of Interpersonal and Communication Skills, Professional Skills and Professional Values, Ethics and Attitudes

### QC9(b)(iii)

This action will assist firms in identifying factors to consider and procedures to perform to ensure that they have competence and experienced resources.

### QC10. Transparency Reporting

Paragraphs 188–190 set out matters relating to transparency reporting.

(a) Do you believe we are able to positively contribute to the evolving developments related to transparency reporting? If so, what, in your view, would be the most appropriate action we could take at this time?

(b) If you would not support us taking actions as described in paragraph 190(b), please explain why, including any potential consequences of those actions that you believe we need to consider.

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<tr>
<th>QC10(a)</th>
<th>Yes. Through ongoing discussions and research on the matter.</th>
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<td>QC10(b)</td>
<td>N/A</td>
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The following questions are overall questions relating to quality control:

QC11. Are there any other issues relating to quality control that we have not identified? If yes, please provide details. What actions should we take to address these issues?

| QC11 | None |

QC12. Are there any other specific actions that others could take in relation to quality control? If yes, please provide details.

| QC12 | None |

QC13. Are there any specific considerations for SMPs related to the issues and potential actions described in this section? Are there any other considerations for SMPs of which we should be aware? If so, please provide details and views about these matters.

| QC13 | Application material may be needed where a SMP outsources the services of an EQC reviewer to take into account independence, competence issues amongst others. |

QC14. Are there any specific public sector considerations related to the issues and potential actions described in this section? Are there any other public sector considerations of which we should be aware? If so, please provide details and views about these matters.

| QC14 | None |
GROUP AUDITS

The following questions relate to group audit matters set out in paragraphs 191–305. If you believe actions relating to group audits beyond those discussed in these paragraphs should be prioritized, please describe such actions and your supporting rationale as to why they require priority attention.

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 194–198)? 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?

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<th>GA1(a)</th>
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<td>GA1(b)</td>
<td>Yes</td>
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<tr>
<td>GA1(c)</td>
<td>No</td>
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<tr>
<td>GA1(d)</td>
<td>N/A</td>
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GA2–GA9 address the more significant issues relating to group audits in greater detail.

GA2. Acceptance and Continuance of the Group Audit Engagement

(a) Paragraphs 204–217 set out matters relating to acceptance and continuance of the group audit engagement.

(i) Which of the possible actions outlined in paragraphs 215–217 would be most meaningful in addressing issues related to acceptance and continuance procedures?

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Please also describe any potential consequences of possible actions that you believe we need to consider further.

(b) Specifically:

(i) Are access issues as described in paragraph 207(a) still frequently being experienced in practice? If yes, please provide details and, where possible, explain how these are being
addressed today.

(ii) Do you agree that ISA 600 can or should be strengthened in relation to addressing access issues as part of acceptance and continuance?

(iii) Would expanding the understanding required for acceptance and continuance, as described in paragraph 215 (b), be achievable in the case of a new audit engagement?

| GA2(a)(i) | a) Strengthening the requirements in ISA 600 to drive earlier identification by auditors of those situations.  
 b) Strengthening the link in ISA 600 to the requirements in ISQC 1 that address the firm’s acceptance and continuance policies and procedures, and the requirements in ISA 220 that address the engagement partner’s related responsibilities for quality at the engagement level  
 c) Emphasizing that the agreed terms of the engagement include that group management agree to the preconditions for the group audit, including agreeing to provide the auditor with access to all information relevant for the group audit.  
 |  
 | GA2(a)(ii) | These actions will result in the group engagement team to look at the group more holistically during client acceptance stage as they will need to take into account the components in their client acceptance decision. 
 |  
 | GA2(a)(iv) | None 
 | GA2(b)(i) | None 
 | GA2(b)(ii) | N/A 
 | GA2(b)(iii) | Yes 

GA3. Communications between the Group Engagement Team and Component Auditors

(a) Paragraphs 218–225 set out matters relating to communications between the group engagement team and component auditors.

(i) Which of the possible actions outlined in paragraph 224 would be most meaningful in addressing issues relating to communication between the group engagement team and the component auditor?

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why?

(iv) Please also describe any potential consequences of possible actions that you believe we need to consider further.

| GA3(a)(i) | a) Strengthening the requirements and enhancing the related application material regarding communications between group engagement teams and component auditors. 
 |
b) Adding application material to emphasize the importance of applying the requirements of ISA 230 in documenting significant communications between the group engagement team and component auditors (including two-way dialogue), and not just focusing on the inclusion of written communications in the audit documentation.

GA3(a)(ii) These actions would emphasise on the nature of communication between group auditors and component auditors. Since timing of communication has been a major issue that has currently been identified, these actions would go a long way in addressing this problem.

GA3(a)(iii) None

GA3(a)(iv) None

GA4. Using the Work of the Component Auditors

(a) Paragraphs 226–242 set out matters relating to using the work of the component auditors.

(i) Which of the possible actions outlined in paragraph 234 and 242 would be most meaningful in addressing issues related to using the work of the component auditor?

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Please also describe any potential consequences of possible actions that you believe we need to consider further.

(b) Specifically:

(i) Should the nature, timing and extent of involvement of the group engagement team in the work of the component auditor vary depending on the circumstances? If yes, how could changes to the standard best achieve this objective?

(ii) Should ISA 600 be strengthened to require the group engagement partner to make an explicit determination about whether the group engagement team can use the work of a potential component auditor?

<table>
<thead>
<tr>
<th>GA4(a)(i)</th>
<th>Actions in par 234 a to f and 242 a to b</th>
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| GA4(a)(ii) | None |
| GA4(a)(iii) | None |
| GA4(a)(iv) | None |
| GA4(b)(i) | No |
| GA4(b)(ii) | Yes |
GA5. Identifying and Assessing the Risks of Material Misstatement in a Group Audit

(a) Paragraphs 243–253 set out matters relating to identifying and assessing significant risks in a group audit:

(i) Which of the possible actions outlined in paragraphs 251–253 would be most meaningful to address issues relating to identifying significant risks for the group audit?

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Please also describe any potential consequences of possible actions that you believe we need to consider further.

<table>
<thead>
<tr>
<th>GA5(a)(i)</th>
<th>Par 253 a to d</th>
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<tbody>
<tr>
<td>GA5(a)(ii)</td>
<td>These actions would assist in responding to identified component risks at group level and consistently apply the concept of significant components and significant risks</td>
</tr>
<tr>
<td>GA5(a)(iii)</td>
<td>None</td>
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<tr>
<td>GA5(a)(iv)</td>
<td>None</td>
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GA6. Issues Relating to Component Materiality and Other Aspects of Materiality Relevant to Group Audits

(a) Paragraphs 254–261 set out issues relating to applying the concept of materiality in a group audit. Do you agree with the possible actions recommended in paragraph 261 to clarify the different aspects of materiality in a group audit? If not, please indicate which actions are not appropriate and describe why.

(b) Recognizing that significant changes to ISA 320 will not be contemplated until a review of ISA 320 has been performed in its entirety (potentially as part of a future project to address materiality more broadly), please describe any other relevant issues or additional actions that you think may be appropriate relating to component materiality, component performance materiality or the clearly trivial threshold at the component level.

<table>
<thead>
<tr>
<th>GA6(a)</th>
<th>Yes</th>
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<tbody>
<tr>
<td>GA6(b)</td>
<td>None</td>
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GA7. Responding to Identified Risks of Material Misstatement in a Group Audit (Including Issues Relating to the Group Engagement Team’s Involvement in the Consolidation Process)

(a) Paragraphs 262–292 set out matters relating to responding to identified risk of material misstatement in a group audit (including the group engagement team’s involvement in the consolidation process).

(i) Which of the actions outlined in paragraphs 272–273, 279, 288 and 292 would be most meaningful to address issues relating to responding to identified risks of material misstatement in a group audit?
Name of Respondent: Institute of Chartered Accountants of Zimbabwe (ICAZ)

(ii) Why do you believe these actions are necessary?

(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Please also describe any potential consequences of possible actions that you believe we need to consider further.

(b) Specifically:

(i) What are your views on scoping the audit based on identifying and assessing the risks of material misstatement for the group as a whole, rather than focusing the determination of the necessary work effort on the determination of whether components are considered significant or non-significant? Are there any practical challenges that we need to consider further?

(ii) Are there other possible actions related to auditing groups where there are a large number of non-significant components that we should explore? Are there other approaches to auditing such groups that need to be considered? Do the possible actions presented lead to any additional practical challenges?

(iii) Should the standard be strengthened for the group engagement team to be more involved at the sub-consolidation level in the appropriate circumstances? Are there further issues or practical challenges that have not been considered?

(iv) Should the requirements or application material relating to subsequent event procedures be strengthened or clarified? Are there further issues or practical challenges that have not been considered?

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<thead>
<tr>
<th>GA7(a)(i)</th>
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<tr>
<td>GA7(a)(ii)</td>
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<td>GA7(a)(iii)</td>
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<td>GA7(b)(i)</td>
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<td>GA7(b)(ii)</td>
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<tr>
<td>GA7(b)(iii)</td>
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<td>GA7(b)(iv)</td>
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GA8. Review and Evaluation of the Work of Component Auditors by the Group Engagement Team

(a) Paragraphs 293–303 set out matters relating to the review and evaluation of the work of component auditors by the group engagement team.

(i) Which of the actions outlined in paragraphs 299 and 303 would be most meaningful in addressing issues relating to the review and evaluation of the work of component auditors by the group engagement team?

(ii) Why do you believe these actions are necessary?
(iii) Are there other relevant issues that we should consider, or actions that would be more effective than those described? If you would not support a particular action, please explain why.

(iv) Please also describe any potential consequences of those actions that you believe we need to consider further.

| GA8(a)(i) |  |
| GA8(a)(ii) |  |
| GA8(a)(iii) |  |
| GA8(a)(iv) |  |

**GA9. The Impact of New and Revised Auditing Standards**

How should the matters set out in paragraphs 304–305 be addressed in our plans to revise ISA 600? Are there any other implications from our new or revised standards that should be considered?

| GA9 | ISA 600 should provide application material in areas where KAM’s would have been identified by component auditors of significant components. |

The following questions are overall questions relating to group audits:

GA10. Are there any other issues relating to group audits that we have not identified? If yes, please provide details. What actions should we take to address these issues?

| GA10 | None |

GA11. Are there any other specific actions that others could take in relation to group audits? If yes, please provide details.

| GA11 | None |

GA12. Are there any specific considerations for SMPs related to the issues and potential actions described in this section? Are there any other considerations for SMPs of which we should be aware? If so, please provide details and views about these matters.

| GA12 | Nine |

GA13. Are there any specific public sector considerations related to the issues and potential actions described in this section? Are there any other public sector considerations of which we should be aware? If so, please provide details and views about these matters.

| GA13 | None |