



The Institute of Chartered Accountants of Zimbabwe (ICAZ),

2 Bath Road / Corner Sam Nujoma St,

Belgravia,

Harare,

Zimbabwe

11 September 2014

Dear Sir

**Exposure Draft, Proposed Changes to the International Standards on Auditing (ISAs)
Addressing Disclosures in the Audit of Financial Statements**

ICAZ is pleased to have this opportunity to respond to the above exposure draft. We hope you find our comments helpful.

If there are any issues arising from the above, please contact the undersigned.

Yours sincerely

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**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE (ICAZ)
COMMENTS ON EXPOSURE DRAFT ON THE PROPOSED CHANGES TO THE
INTERNATIONAL STANDARDS ON AUDITING (ISAs) ADDRESSING
DISCLOSURES IN THE AUDIT OF FINANCIAL STATEMENTS**

Question 1 – Whether, in your view, the proposed changes to the ISAs are appropriate and sufficient for purposes of enhancing the focus of the auditor on disclosures and, thereby, will further support the proper application of current requirements in the ISAs?

We believe the proposed changes to the ISAs are appropriate and sufficient and will further support the application of the requirements of the ISAs. Furthermore, we believe these changes (duplications as some may say) also allow for clearer interpretation of the ISAs by non-auditors who occasionally find themselves assessing the rationale of the actions taken by an auditor so they tend to make references to the ISAs. The proposed changes make the individual ISAs in question, clearer should they be read in isolation.

Question 2 – Are there any specific areas where, in your view, additional enhancement to either the requirements or guidance of the ISAs would be necessary for purposes of effective auditing of disclosures as part of a financial statement audit?

No areas have been noted to require additional enhancement yet.

Question 3 – Whether, in your view, the proposed changes to the assertions will help appropriately integrate the work on disclosures with the audit work on the underlying amounts, thereby promoting an earlier and more effective audit of disclosures?

Yes we agree the changes will result in more effective focus on disclosures from an early stage of the audit.

Question (a) – Preparers (including Small- and Medium-Sized Entities (SMEs)) and Other Users—The IAASB invites comments on the proposed changes to the ISAs particularly with respect to the practical impacts, if any, of the proposed changes to the ISAs.

From the Preparer’s perspective, they will need to ensure that they have structures in place that allow for timely presentation to the auditors, of all information that may be relevant to the financial statements disclosures. As highlighted in the ISAs such information might not be (nor originate from) part of the general ledger system. This may range from tweaking the management’s approach and attitude to gathering and presenting such information or it might imply some significant and costly changes to the reporting entity’s structures and systems.

Question (b) – Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the ISAs, the IAASB invites respondents from these nations to comment on the proposed changes to the ISAs, in particular, on any foreseeable difficulties in applying these in a developing nation environment.

Zimbabwe has adopted and fully complied with the ISAs for over 20 years now. We do not foresee any application challenges relating to these proposed changes.

Question (c) – Translations—Recognizing that many respondents may intend to translate the final changes to the ISAs for adoption in their own environments, the IAASB welcomes comments on potential translation issues respondents may note in reviewing the proposed changes to the ISAs.

The official language in Zimbabwe is English. We do not have a need to translate any of the Standards from English.

Effective Date — Recognizing that the proposed changes to the ISAs affect some of the same ISAs as other IAASB projects currently being finalized, the IAASB believes that to the extent possible, the effective date should be aligned with these other projects, namely the IAASB’s Auditor Reporting project and the project to revise ISA 720. Accordingly, the IAASB believes that an appropriate effective date for the standard would be 12–15 months after issuance of the final standards, but may be longer or shorter to align with the effective date of the revisions arising from the auditor reporting and ISA 720 projects. Earlier application would be permitted. The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the changes to the ISAs.

The 12-15 months after the issuance date is deemed most appropriate. This allows for the preparers to make any necessary adjustments to their systems to allow for effective application of the changes to the ISAs. Consideration should be made that one of the critical steps auditors have to take is to issue revised Engagement Letters which factor in the changes. This process may drag for around six months, management then has to put processes in place to allow them (preparers) to be in a position to provide the auditors with information from systems or processes that are not part of the general ledger system.