



**OPTIONAL RESPONSE TEMPLATE: PROPOSED ISA FOR LCE**

**Name of Respondent:**

Professional Standards Committee (PSC)

**Organization (*where relevant*):**

Institute of Certified Public Accountants of  
Rwanda (ICPAR)

**Country/Region/Jurisdiction:**

Rwanda

## General Comments on Proposed ISA for LCE

**Response:** *[Please include here comments of a general nature and matters not covered by the questions below.]*

## Specific Questions

### Section 4A – Overarching Positioning of ED-ISA for LCE

1. Views are sought on:

- (a) The standalone nature of the proposed standard, including detailing any areas of concern in applying the proposed standard, or possible obstacles that may impair this approach?

**Response:** The standalone nature of the proposed ISA for LCE is particularly important in our jurisdiction, considering that Rwandan economy is dominated by small and medium enterprises (SME). We are not foreseeing any obstacle in its implementation other than the transition effort and guidance to be made by relevant parties.

- (b) The title of the proposed standard.

**Response:** We agree with the proposed title of the standard.

- (c) Any other matters related to ED-ISA for LCE as discussed in this section (Section 4A).

**Response:** None

2. Do you agree with the proposed conforming amendments to the IAASB Preface (see paragraphs 39-40)? If not, why not, and what further changes may be needed?

**Response:** We agree with the proposed conforming amendments to the IAASB Preface.

### Section 4B – Authority of the Standard

3. Views are sought on the Authority (or scope) of ED-ISA for LCE (Part A of the proposed standard). In particular:

- (a) Is the Authority as presented implementable? If not, why not?

**Response:** The authority as presented is implementable.

- (b) Are there unintended consequences that could arise that the IAASB has not yet considered?

**Response:** There are no unintended consequences that we can foresee.

- (c) Are there specific areas within the Authority that are not clear?

**Response:** We have requested for more clarity on Section 5: Group audits. Other areas are clear.

- (d) Will the Authority, as set out, achieve the intended objective of appropriately informing stakeholders about the scoping of the proposed standard?

**Response:**

- (e) Is the proposed role of legislative or regulatory authorities or relevant local bodies with standard setting authority in individual jurisdictions clear and appropriate?

**Response:** The role of the regulatory authorities such as ICPAR is clear and appropriate.

4. Do you agree with the proposed limitations relating to the use of ED-ISA for LCE? If not, why and what changes (clarifications, additions or other amendments) need to be made? Please distinguish your response between the:

(a) Specific prohibitions; and

(b) Qualitative characteristics.

If you provide comments in relation to the specific prohibitions or qualitative characteristics, it will be helpful to clearly indicate the specific item(s) which your comments relate to and, in the case of additions (completeness), be specific about the item(s) that you believe should be added and your reasons.

*Response: We agree on both qualitative and specific prohibitions but on the latter, we have sought more clarification to be made on section 5: Group audits.*

5. Regarding the Authority Supplemental Guide:

(a) Is the guide helpful in understanding the Authority? If not, why not?

*Response: The guide is helpful since it provides additional information that may be of assistance when adopting and implementing the IAASB's proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE).*

(b) Are there other matters that should be included in the guide?

*Response: None*

6. Are there any other matters related to the Authority that the IAASB should consider as it progresses ED-ISA for LCE to finalization?

*Response: We believe that matters covered address key implementation requirements of the Standard.*

#### *Section 4C – Key Principles Used in Developing ED-ISA for LCE*

7. Views are sought on the key principles used in developing ED-ISA for LCE as set out in this Section 4C. Please structure your response as follows:

(a) The approach to how the ISA requirements have been incorporated in the proposed standard (see paragraphs 74-77).

*Response: We agree with the approach used (principles based).*

(b) The approach to the objectives of each Part of the proposed standard (see paragraphs 78-80).

*Response: We agree with the approach used in the standard.*

(c) The principles in relation to professional skepticism and professional judgement, relevant ethical requirements and quality management (see paragraphs 81-84).

*Response: We agree with the key principles of professional scepticism and professional judgement as set out in the standard.*

(d) The approach to EEM (see paragraphs 85–91) including:

(i) The content of the EEM, including whether it serves the purpose for which it is intended.

(ii) The sufficiency of EEM.

(iii) The way the EEM has been presented within the proposed standard.

Response: The approach used is clear and it is useful to the understanding of the standard.

#### *Section 4D – Overall Design and Structure of ED-ISA for LCE*

8. Please provide your views on the overall design and structure of ED-ISA for LCE., including where relevant, on the application of the drafting principles (paragraph 98-101).

Response: In our view, the ED-ISA for LCE has a good overall design and structure.

#### *Section 4E – Content of ED-ISA for LCE*

9. Please provide your views on the content of each of **Parts 1 through 8** of ED-ISA for LCE, including the completeness of each part. In responding to this question, please distinguish your comments by using a subheading for each of the Parts of the proposed standard.

Response: We are pleased with the content of the ISA for LCE as well as the completeness of each parts (Parts 1 through 8).

10. For **Part 9**, do you agree with the approach taken in ED-ISA for LCE with regard to auditor reporting requirements, including:

- (a) The presentation, content and completeness of Part 9.
- (b) The approach to include a specified format and content of an unmodified auditor's report as a requirement?
- (c) The approach to providing example auditor's reports in the Reporting Supplemental Guide.

Response: We agree with the approach taken in ED-ISA for LCE with regard to auditor reporting requirements, including those stated in a, b and c above.

11. With regard to the Reporting Supplemental Guide:

- (a) Is the support material helpful, and if not, why not?

Response: The Reporting Supplemental Guide is deemed helpful.

- (b) Are there any other matters that should be included in relation to reporting?

Response: None

12. Are there any areas within Parts 1–9 of the proposed standard where, in your view, the standard can be improved? If so, provide your reasons and describe any such improvements. It will be helpful if you clearly indicate the specific Part(s) which your comments relate to.

Response: We find the standard to be complete within Parts 1 – 9 and no additional improvements are required.

#### *Section 4F – Other Matters*

13. Please provide your views on transitioning:

- (a) Are there any aspects of the proposed standard, further to what has been described above, that may create challenges for transitioning to the ISAs?

Response: We believe that clarity should be made regarding Group audits and the requirements associated with them for ease of understanding.

(b) What support materials would assist in addressing these challenges?

Response:

14. Do you agree with the proposed approach to the future updates and maintenance of the Standard and related supplemental guidance?

Response: We agree with the proposed approach to the future updates and maintenance of the Standard and related supplemental guidance.

15. For any subsequent revisions to the standard once effective, should early adoption be allowed? If not, why not?

Response: As for other standards, early adoption of ISA for LCE should also be allowed.

16. Should a separate Part on the ISA-800 series be included within ED-ISA for LCE? Please provide reasons for your response.

Response:

17. In your view, would ED-ISA for LCE meet the needs of users and other stakeholders for an engagement that enables the auditor to obtain reasonable assurance to express an audit opinion and for which the proposed standard has been developed? If not, why not. Please structure your comments to this question as follows:

(a) Whether the proposed standard can, and will, be used in your jurisdiction.

Response: The proposed standard will be adopted in Rwanda.

(b) Whether the proposed standard meets the needs of auditors, audited entities, users of audited financial statements and other stakeholders.

Response: The proposed standard meets the needs of auditors, audited entities, users of audited financial statements and other stakeholders.

(c) Whether there are aspects of the proposed standard that may create challenges for implementation (if so, how such challenges may be addressed).

Response:

18. Are there any other matters related to ED-ISA for LCE that the IAASB should consider as it progresses the proposed standard to finalization?

Response:

#### *Section 4G - Approach to Consultation and Finalization*

19. What support and guidance would be useful when implementing the proposed standard?

Response: In addition to the usual support in regard to the implementation of new standards such as webinars, publications etc, IAASB can plan for a tailor-made touch base with PAOs in different jurisdictions to support them in their implementation journey.

20. Translations—recognizing that many respondents may intend to translate the final ISA for LCE in their own environments, the IAASB welcomes comment on potential translation issues noted in reviewing ED-ISA for LCE.

Response:

21. **Effective Date**—Recognizing ISA for LCE is a new standard, 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 at least 18 months after the approval of a final standard. 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 for LCE.

*Response: We believe that a period of 18 months would provide a sufficient period to support effective implementation of the ISA for LCE.*

#### *Section 5 – Group Audits*

22. The IAASB is looking for views on whether group audits should be excluded from (or included in) the scope of ED-ISA for LCE. Please provide reasons for your answer.

*Response: Generally, we believe that group audits should be excluded from the scope of ISA for LCE due to their nature of associated risks and complexity. However, a clarification is needed as to whether subsidiaries within the group that fall in the LCE category will be allowed to use ISA for LCE and the group used other existing ISAs.*

23. Respondents in public practice are asked to share information about the impact of excluding group audits from the scope of ED-ISA for LCE on the use of the proposed standard. In particular:

- (a) Would you use the standard if group audits are excluded? If not, why not?

*Response: Yes, the standard should be used if group audits are excluded.*

- (b) Approximately what % of the audits within your firm or practice would be group audits that would likely be able to use ED-ISA for LCE (i.e., because it is likely that such group audits could be considered less complex entities for the purpose of the proposed standard) except for the specific exclusion?

*Response:*

- (c) What common examples of group structures and circumstances within your practice would be considered a less complex group.

*Response:*

24. If group audits are to be included in the scope of ED-ISA for LCE, the IAASB is looking for views about how should be done (please provide reasons for your preferred option):

- (a) The IAASB establishes a proxy(ies) for complexity for when the proposed standard may be used (“Option 1 – see paragraph 169); or
- (b) ED-ISA for LCE sets out qualitative characteristics for complexity specific to groups (Option 2 – see paragraph 176), to help users of the proposed standard to determine themselves whether a group would meet the complexity threshold.

*Response: In our view, we believe that groups that in form of holding companies without trading operations/activities and with no complex transactions that are composed of less complex entities as subsidiaries could also be allowed to use ISA for LCE.*

25. Are there other ways that group audits could be incorporated into the scope of the proposed standard that is not reflected in the alternatives described above? For example, are there proxies for complexity other than what is presented in paragraph 169 that the IAASB should consider?

Response:

26. If group audits are included in ED-ISA for LCE, how should the relevant requirements be presented within the proposed standard (please provide reasons for your preferred option):

- (a) Presenting all requirements pertaining to group audits in a separate Part; or
- (b) Presenting the requirements pertaining to group audits within each relevant Part.

Response: If group audits were to be included in ED-ISA for LCE, they should be presented within the proposed standard as option (a) Presenting all requirements pertaining to group audits in a separate Part.

Yours Sincerely,



**Felicien Muvunyi**  
**Chair – ICPAR Professional Standards Committee**

CC: - ICPAR CEO  
- ICPAR President