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22 April 2015

Prof. Arnold Schilder  
Chairman  
International Auditing and Assurance Standards Board  
529 Fifth Avenue, 6<sup>th</sup> Floor  
New York, NY10017

Dear Prof Schilder,

**Re: COMMENTS ON IAASB'S, EXPOSURE DRAFT: ISA 800 (REVISED) AND ISA 805 (REVISED)**

We are pleased to provide comments on the International Auditing and Assurance Board (IAASB)'s Exposure Draft (ED), **ISA 800(Revised) and ISA 805 (Revised)**, published in January 2015. These comments have been developed by the Zimbabwe Accounting and Auditing Practices Board, Zimbabwe's National Accounting and Auditing Standards setter and reviewed by the Public Accountants and Auditors Board, the independent regulator for the accountancy profession in Zimbabwe.

The Zimbabwe Accounting and Auditing Practices Board provide comments on this matter as detailed below.

We hope that you will find the comments helpful. If you require any clarification or would like to discuss this letter further, please do not hesitate to contact me or Mr. Brian Njikizana, the Chair of the Zimbabwe Accounting and Auditing Practices Board ([bnjikizana@kpmg.org](mailto:bnjikizana@kpmg.org)), or Mr. Elliot Wonenyika, the project director ([Elliot@caazim.org](mailto:Elliot@caazim.org)).

Yours Sincerely

**Admire Ndurunduru**

Secretary, PAAB Zimbabwe

## RESPONSES TO SPECIFIC QUESTIONS

Q1: Whether respondents agree with how the enhancements resulting from the new and revised Auditor Reporting standards have been addressed in proposed ISA 800 (Revised) and proposed ISA 805 (Revised) as explained in paragraphs 10 – 32 of this EM. If not, respondents are requested to provide their rationale as to why they do not support the proposals and, where applicable, suggest alternative approaches.

- ❖ *We are agreeable to the approach proposed by the IAASB in addressing the enhancements from the new and revised auditor reporting standards for special purpose financial statements.*

Q2: Whether the proposed standards include sufficient guidance to enable auditors to appropriately apply the new and revised Auditor Reporting standards in the context of ISA 800 and ISA 805.

- ❖ *The proposed revised standards do include guidance to help auditors to apply the new and revised auditor reporting standards in the context of ISA 800 and ISA 805 engagements. However we believe additional guidance in respect of ISA 805 may be required, refer to response to question 3b.*

Q3: In relation to KAM:

a) Do respondents agree with the IAASB's decision that the communication of KAM be voluntary for all entities under both proposed ISA 800 (Revised) and proposed ISA 805 (Revised), unless required by law or regulation?

- ❖ *We agree that communication of KAM be voluntary for all entities under both proposed ISA 800 (Revised) and proposed ISA 805 (Revised), unless required by law or regulation.*

b) Specific to proposed ISA 805 (Revised), whether respondents support the IAASB's proposed direction that reference to KAM that is communicated in the auditor's report on the complete set of financial statements be permitted in the ISA 805 auditor's report using an OM paragraph and how this has been illustrated in the ISA (see paragraphs 25 – 32 above). In particular, the IAASB would also welcome respondents' views about:

- i. The usefulness of the guidance in paragraph A23 in proposed ISA 805 (Revised) and the appropriateness of Illustration 3 in Appendix 2 to assist auditors in determining how to make a reference in the ISA 805 auditor's report to KAM that are communicated in the auditor's report on the complete set of financial statements; and
- ii. In light of views on (i) and the Board's deliberations summarized in paragraphs 25 – 32 above, whether it is necessary to establish requirements in proposed ISA 805 (Revised) relating to a reference to KAM in the ISA 805 auditor's report either to promote consistent treatment in practice or expressly to prohibit certain approaches (e.g., a reference only to relevant

KAM in the auditor's report on the complete set of financial statements or the possibility of repeating the full description of a KAM).

- ❖ *We consider it not necessary to establish specific requirements relating to a reference to KAM in the auditor report on the complete set of financial statements in the ISA 805 audit as we should give practitioners leeway on the level of detail to include in the OM paragraph depending on the needs of the users of the ISA 805 report.*
- ❖ *However we believe more guidance should be given to address the following instances in the reporting of KAMs in an ISA 805:*
  - *What if I am not the reporting auditor of the complete set of financial statements, what should be the guidance on making reference to KAM in another auditor's report on the complete set of financial statements?*
  - *In the event that additional KAMs are identified in the performance of an ISA 805 engagement what should be the guidance in disclosing these in the OM paragraph or disclosure should remain voluntary unless required by law or regulation?*
- ❖ *In respect of the guidance provided in illustration 3 appendix 2 of ISA 805, we believe the wording included in the OM paragraph is vague. We propose that the wording should be more explicit in referring the users to the KAMs in the auditor's report on the complete set of financial statements.*

Q4. The IAASB would also welcome feedback on whether conforming amendments to extant ISA 810 are needed at this time and, if so, what approach could be taken to incorporate the enhancements resulting from the new and revised Auditor Reporting standards.

- ❖ *We believe that the enhancements in relation to auditor reporting are addressed in this standard at this time too as this would bring consistency to auditor reporting. The IAASB should take a similar approach to that taken for proposed IAS 805 (revised) in relation to a reference to the KAM in the complete set of financial statements and provide illustration of the audit report to include possible inclusion of OM paragraph.*