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22 April 2015

IAASB

Dear Sir/Madam

**PAAB SUBMISSION ON EXPOSURE DRAFT: ISA 800 (REVISED) AND ISA 805 (REVISED)**

In response to your request for comments on **ED55/55- PAAB SUBMISSION ON ED 55/55 ISA 800(Revised) and ISA 805 (Revised)**, attached is the comment letter prepared by the Zimbabwe Accounting Practices Board (ZAPB) of Public Accountants and Auditors Board (PAAB). This comment letter results from deliberations of the Committee for Auditing Standards (CFAS), which comprises members from reporting organisations, regulators, auditors, IFRS specialists and academics.

We are grateful for the opportunity to provide our comments on this project.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours faithfully,

David Marange (EY)  
Chairperson of the CFAS

Elliot Wonenyika (CAA)  
Project Director

Cc: Admire Ndurunduru (PAAB Secretary)

Cc: Anesu Daka (CAA)

**PAAB SUBMISSION ON ED 55/15- ISA 800(REVISED) AND ISA 805(REVISED)**

## COMMENTS 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 in ISA 800 and ISA 805.*

**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 to a greater extent. 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 are agreeable 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**

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- 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).
- ❖ *In response to question 3 b (i) we believe more guidance should be given to address the following instances in the reporting of KAMs in an ISA 805 engagement report:*
    - *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 not quite clear.*
    - *Current wording: "Our auditor's report on the complete set of audited financial statements of the Company for the year ended December 31, 20X1 included the communication of key audit matters".*
    - *Proposed wording: "**We also refer** you to our auditor's report on the complete set of audited financial statements of the Company for the year ended December 31, 20X1 **which** included the communication of key audit matters".*
  - ❖ *In response to question 3 b (ii) 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 practioners leeway on the level of detail to include in the OM paragraph depending on the needs of the users of the ISA 805 report.*

**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.*