



Society of Certified Accountants and Auditors of Kosovo

Ms. Gabriela Figueiredo Dias
Chair
International Ethics Standards Board for Accountants
529 5th Avenue
New York, New York 10017
United States of America

Ardiana Bunjaku
Executive Director
Sylejman Vokshi 50
10000 Prishtina, Kosovo
T +383 38 249 043
ardiana.bunjaku@scaak.org

Prishtina, 31 May 2022

Submitted electronically

Dear Gabriela,

Response to the International Ethics Standards Board for Accountants (IESBA) Exposure Draft: Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits

SCAAK appreciates the opportunity to provide our comments to the [IESBA Exposure Draft: Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits](#). Our response has been prepared with input from our Education and Professional Standards Committee and in collaboration with the European Federation of Accountants and Auditors for SMEs (“EFAA”).

The Society of Certified Accountants and Auditors of Kosovo (SCAAK) represents accountants and auditors providing professional services in Kosovo. Constituents are mainly small practitioners (“SMPs”), including a significant number of sole practitioners. SCAAk’s members provide a range of professional services (e.g., audit, accounting, bookkeeping, tax, and business advice) to SMEs.

QUESTIONS IN ED

1. Do you agree with the proposed changes to the Code related to the revised definition of ET, including: (see Chapters 1, 4 and 6) (a) The revised definitions of the terms “engagement team,” “audit team,” “review team” and “assurance team;” and (b) The explanatory guidance in paragraphs 400.A – 400.D?

We agree.

2. Do you agree with the changes to the definitions of “audit team,” “review team” and “assurance team” to recognize that EQRs may be sourced from outside a firm and its network (see Chapter 6)?

We agree.

3. Do you agree with the proposed new defined terms that are used in Section 405 in addressing independence considerations in a group audit (see Chapters 1 and 6)?

We agree.

- 4. In relation to the proposals in Section 405 (Chapter 1), do you agree with the principles the IESBA is proposing for: (a) Independence in relation to individuals involved in a group audit; and (b) Independence in relation to firms engaged in a group audit, including CA firms within and outside the GA firm's network?**

We do not agree.

SCAAK is especially concerned about the provisions in R405.9 regarding group audits that are not public interest entities (PIEs). Oftentimes SMPs act as component auditors for group audit clients that are not PIEs, and in some jurisdictions ensuring firm independence can be difficult, especially in jurisdictions where there are a few auditors in a certain industry or with a certain specialty.

- 5. Concerning non-network CA firms, do you agree with the specific proposals in Section 405 regarding: (a) Financial interest in the group audit client; and (b) Loans and guarantees?**

We agree.

- 6. Is the proposed application material relating to a non-network CA firm's provision of NAS to a component audit client in proposed paragraph 405.12 A1 – 405.12 A2 sufficiently clear and appropriate?**

Yes.

- 7. Is the proposed application material relating to changes in CA firms during or after the period covered by the group financial statements in proposed paragraph 405.13 A1 – 405.13 A2 sufficiently clear and appropriate?**

Yes.

However, as we state in our 'General Comments' above we are concerned about the adverse impact on SMPs.

- 8. Do you agree with the proposals in Section 405 to address a breach of independence by a CA firm?**

We agree.

- 9. Do you agree with the proposed consequential and conforming amendments as detailed in Chapters 2 to 6?**

We agree.

- 10. Do you support the IESBA's proposal to align the effective date of the final provisions with the effective date of ISA 600 (Revised) on the assumption that the IESBA will approve the final pronouncement in December 2023?**

We support aligning the effective date.

CONCLUDING COMMENTS

We trust that the above is clear, but should you have any questions on our comments, please do not hesitate to contact us.

Yours faithfully,

Ardiana Bunjaku

Executive Director