

**To Whom It May Concern,**

**On behalf of the Federation of Accounting Professions, Thailand, I'm sending our comments letter for Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits**

**Please do not hesitate to let us know should you have any questions or require any clarifications. Your transmission to the related working group would be highly appreciated.**

**Yours Faithfully,**

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## Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits

Proposed Definition: Engagement Team		
Defined Term	Extant Code	Proposed Definition aligns with ISQM1 (Marked-up against Extant Code)
Engagement team  (Applicable to all assurance engagements)	All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform <b>assurance procedures</b> on the engagement. This excludes external experts engaged by the firm or by a network firm.  The term "engagement team" also excludes individuals within the client's internal audit function who provide direct assistance on an audit engagement when the external auditor complies with the requirements of ISA 610 (Revised 2013), <i>Using the Work of Internal Auditors</i> .	All partners and staff performing the engagement, and any <del>other</del> individuals <del>engaged by the firm or a network firm</del> who perform <b>assurance</b> procedures on the engagement, <del>excluding external experts and internal auditors who provide direct assistance on the engagement. This excludes external experts engaged by the firm or by a network firm.</del>  <i>The term "engagement team" also excludes individuals within the client's internal audit function who provide direct assistance on an audit engagement when the external auditor complies with the requirements of ISA 610 (Revised 2013), Using the Work of Internal Auditors.</i>  <i>In Part 4A, the term "engagement team" refers to individuals performing audit or review procedures on the audit or review engagement, respectively. This term is further described in paragraph 400.A.</i>  <i>ISA 220 (Revised) provides further guidance on the definition of engagement team in the context of an audit of financial statements.</i>  <i>ISA 620 deals with the auditor's responsibilities relating to the work of an individual or organization in a field of expertise other than accounting or auditing, when that work is used to assist the auditor in obtaining sufficient appropriate audit evidence.</i>  <i>ISA 610 (Revised 2013) deals with the auditor's responsibilities if using the work of internal auditors, including using internal auditors to provide direct assistance on the audit engagement.</i>  <i>In Part 4B, the term "engagement team" refers to individuals performing assurance procedures on the assurance engagement.</i>

Proposed Definitions: Audit Team, Review Team and Assurance Team	
<b>Audit Team</b>	<p>(a) All members of the engagement team for the audit engagement;</p> <p>(b) All others <del>within or engaged by, a the</del> firm who can directly influence the outcome of the audit engagement, including:</p> <ul style="list-style-type: none"> <li>(i) Those who recommend the compensation of, or who provide direct supervisory, management or other oversight of the engagement partner in connection with the performance of the audit engagement, including those at all successively senior levels above the engagement partner through to the individual who is the firm's Senior or Managing Partner (Chief Executive or equivalent);</li> <li>(ii) Those who provide consultation regarding technical or industry-specific issues, transactions or events for the engagement; and</li> <li>(iii) Those who <del>provide perform an engagement quality control for the engagement, including those who perform the review, or a review consistent with the objective of an</del> engagement quality control review, for the engagement; and</li> </ul> <p>(c) All those within a network firm who can directly influence the outcome of the audit engagement.</p> <p><i>In Part 4A, the term "audit team" applies equally to "review team."</i></p>

\* Similar amendments are proposed for Review Team and Assurance Team definitions – refer to pages 48 and 51 of the ED

### Request for Specific Comments

The IESBA welcomes comments on the following specific matters. Where a respondent disagrees with a proposal, it will be helpful for the respondent to explain why and to provide suggestions for other ways to address the particular matter

<i>Proposed Revised Definition of Engagement Team</i>		
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)	Yes, we agree.
(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?	
<i>Independence Considerations for Engagement Quality Reviewers</i>		

<p>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)?</p>	<p>Yes, we agree.</p>
<i>Independence in a Group Audit Context</i>	
<p>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)?</p>	<p>Yes, we agree.</p>
<p>4. In relation to the proposals in Section 405 (Chapter 1), do you agree with the principles the IESBA is proposing for:</p> <p>(a) Independence in relation to individuals involved in a group audit; and</p> <p>(b) Independence in relation to firms engaged in a group audit, including CA firms within and outside the GA firm’s network?</p>	<p>Yes, we agree.</p>
<p>5. Concerning non-network CA firms, do you agree with the specific proposals in Section 405 regarding:</p> <p>(a) Financial interest in the group audit client; and</p> <p>(b) Loans and guarantees?</p>	<p>Yes, we agree.</p>
<i>Non-Assurance Services</i>	
<p>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?</p>	<p>Yes, it’s clear and appropriate.</p>
<i>Changes in Component Auditor Firms</i>	
<p>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?</p>	<p>Yes, it’s clear and appropriate.</p>
<i>Breach of Independence by a Component Auditor Firm</i>	
<p>8. Do you agree with the proposals in Section 405 to address a breach of independence by a CA firm?</p>	<p>Yes, we agree.</p>
<i>Proposed Consequential and Conforming Amendments</i>	
<p>9. Do you agree with the proposed consequential and conforming amendments as detailed in Chapters 2 to 6?</p>	<p>Yes, we agree.</p>
<i>Effective Date</i>	
<p>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?</p>	<p>Yes, we support.</p>

## **Request for General Comments**

In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below:

- *Small- and Medium-sized Entities (SMEs) and SMPs* – The IESBA invites comments regarding any aspect of the proposals from SMEs and SMPs.
- *Regulators and Audit Oversight Bodies* – The IESBA invites comments on the proposals from an audit inspection or enforcement perspective from members of the regulatory and audit oversight communities.
- *Developing Nations* – Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular on any foreseeable difficulties in applying them in their environment.
- *Translations* – Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposal

