



**INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OF UGANDA**

Our Ref: STA/001

16 May 2022

Ken Siong,
IESBA Program and Senior Director,
International Ethics Standards Board for Accountants (IESBA),
529 Fifth Avenue,
New York, NY 10017,
United States of America.

Submitted via website: www.ethicsboard.org

Dear Mr. Siong,

**PROPOSED REVISIONS TO THE CODE RELATING TO THE DEFINITION OF
ENGAGEMENT TEAM AND GROUP AUDITS**

The Institute of Certified Public Accountants of Uganda (ICPAU) appreciates the opportunity to respond to the Proposed Revisions to the Code relating to the definition of engagement team and group audits.

Our comments are herein the attached.

We hope you will find our comments helpful.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Charles Lutimba', with a circular flourish at the end.

CPA Charles Lutimba
MANAGER, STANDARDS AND TECHNICAL SUPPORT

Appendix: Comments to the Proposed Revisions to the Code relating to the definition of engagement team and group audits

EK/...

APPENDIX: ICPAU'S COMMENTS ON THE IESBA EXPOSURE DRAFT- PROPOSED REVISIONS TO THE CODE RELATING TO THE DEFINITION OF ENGAGEMENT TEAM AND GROUP AUDITS

ICPAU'S COMMENTS

Proposed Revised Definition of Engagement Team

Question 1: Do you agree with the proposed changes to the Code related to the revised definition of ET, including:

- 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?

Comment:

We agree with the proposed changes to the Code, including the revised definitions of the terms "engagement team," "audit team," "review team" and "assurance team. For example, we agree with the revised definition of "engagement team" because it is in agreement with the principle embedded in ISA 220 (Revised) that excludes individuals whose role is limited to consultation from the engagement team. External experts and internal auditors are usually consulted to serve a specific purpose but not to perform procedures on the engagement.

Independence Considerations for Engagement Quality Reviewers

Question 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)?

Comment:

We 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.

Independence in a Group Audit Context

Question 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 Chapter 1 and 6)?

Comment:

We agree with the proposed new defined terms used in Section 405 in addressing independence considerations in a group audit as these will serve to align the Code with the requirements stipulated in ISA 600 (Revised).

Question 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?

Comment:

We agree with the proposals in Section 405 (Chapter 1) relating to independence of individuals involved and firms engaged in group audits, including component firms within and outside the group audit firm's network. We believe that Section 405 will be very instrumental in aligning the Code to ISA 600 (Revised).

Question 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?

Comment:

We agree with the specific proposals in Section 405 regarding financial interest in the group audit client as well as loans and guarantees. We are especially appreciative of the strict prohibition on component auditors from holding a financial interest in the group audit client irrespective of materiality of the financial interest in or in common with the group audit client.

We also agree with the prohibition of component auditors having loans and guarantees with the group audit client as this can compromise independence.

Non-Assurance Services

Question 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?

Comment:

We believe that the proposed application material relating to a non- network component auditor firm's provision of non- assurance services to a component audit client is sufficiently clear and appropriate.

Changes in Component Auditor Firms

Question 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?

Comment:

The proposed application material relating to changes in component auditor firms during or after the period covered by the group financial statements in proposed paragraphs 405.13 A1-405.13 A2 is sufficiently clear and appropriate.

Breach of Independence by a Component Auditor Firm

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

Comment:

We agree with the proposals in Section 405 to address a breach of independence by a Component Auditor firm.

Proposed Consequential and Conforming Amendments

Question 9: Do you agree with the proposed consequential and conforming amendments as detailed in Chapters 2 to 6?

Comment:

We agree with the proposed consequential and conforming amendments as detailed in Chapters 2 to 6.

Effective Date

Question 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?

Comment:

We support the proposal to align the effective date of the final provisions relating to the definition of engagement team and group audits with the effective date of ISA 600 (Revised).