



Mexico City, April 27, 2023

**Proposed Part 10, Audits of Group Financial Statements
of the Proposed International Standard on Auditing
for Audits of Financial Statements
of Less Complex Entities (ISA for LCE)
and Proposed Conforming Amendments**

Mr. Thomas R. Seidenstein
Chairman
International Auditing and Assurance Standards Board - IAASB

Respondents are asked to comment on the clarity, understandability and practicality of application of proposed Part 10 and related conforming amendments.

Dear Mr. Seidenstein:

The Mexican Institute of Public Accountants, "Instituto Mexicano de Contadores Públicos", A.C. (IMCP), association founded in 1923, grouping 60 professional colleges and more than 24 thousand of public accountants associated in Mexico, appreciates the opportunity to submit comments about Part 10, *Audits of Group Financial Statements* of the proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE).

The IMCP's Audit and Assurance Standards Commission (CONAA by its Spanish acronym) analyzed the Exposure Draft of Part 10, *Audits of Group Financial Statements* of the proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE) developed and approved by the IAASB in January 2023.

As requested in the ED-ISA for LCE: Response Template, the IMCP prepared a document where the IMCP feedback is provided for the IAASB, for each of the raised questions. Such document is attached to the present letter.

We are open to discuss, clarify or widen our comments in this letter per your request.

Very truly yours,

C.P.A. y Dra. Laura Grajeda Trejo
Chairman
Instituto Mexicano de Contadores Públicos, A.C.





REQUEST FOR COMMENTS

Guide for Respondents

- The IAASB welcomes comments on all matters addressed in ED-ISA for LCE, but especially those identified in the Request for Comments section. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and make specific suggestions for any proposed changes to wording. Respondents are also free to address only questions relevant to them. When a respondent agrees with proposals in ED-ISA for LCE, it will be helpful for the IAASB to be made aware of this view as support for the IAASB's proposals cannot always be inferred when not stated.
- Respondents are asked to comment on the clarity, understandability and practicality of application of the requirements and related application material of ED-ISA for LCE. In this regard, comments will be most helpful if they are identified with specific aspects of ED-ISA for LCE and include the reasons for any concern about clarity, understandability and practicality of application, along with suggestions for improvement. When a respondent agrees with the proposals in ED-ISA for LCE, it will be helpful for the IAASB to be made aware of this view.

Comments are requested by May 2, 2023

Name of Respondent:

Dra. Laura Grajeda Trejo 

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Organization (where relevant):

Instituto Mexicano de Contadores Públicos, A.C./ Comisión de Normas de Auditoría y Atestiguamiento (CONAA)

Country/Region/Jurisdiction:

Mexico

Specific Questions

- 1. In the Authority, do you agree with the proposed prohibition on the use of the proposed ISA for LCE for group audits where component auditors are involved, other than in limited circumstances where physical presence is required?**

Response to question #1

We are of the view that including the exception to allow using International Standards on Auditing (ISA) for Less Complex Entities (LCE), included in subparagraph (ii) paragraph (d) of section A.1. would lead to uncertainty about the possibility of allowing the use of ISA for LCE when component auditors perform other audit procedures, considering that these procedures may be similar in complexity to those indicated in the exception.

We consider that involving a component auditor in an audit (even when performing simple and straight forward audit procedures) originates complexity in the communication process between the component and principal auditor.

Our comments suggest that this exception is excluded from the additions proposed to the authority for group audits, thus not allowing the use of ISA for LCE where component auditors are involved.

- 2. In the Authority, do you agree with the proposed group-specific qualitative characteristics to describe the scope of group audits for which the proposed ISA for LCE is designed to be used?**

Response to question #2

Yes, we agree with the inclusion of the proposed qualitative characteristics related to groups audits in Section A.3. related to a) Group structure and activities, b) Access to information and people and c) Consolidation process.

The consideration of the issuance of guidance in applying these qualitative characteristics that allow an objective interpretation of such will be recommended, as these may, under certain circumstances, lead to subjectivity.

The confirmation of whether the qualitative numbers in the "Group structure and activities" (for example 5 or less entities or business units, or 3 or less jurisdictions) are mandatory or not is also suggested.

- 3. Do you agree with the content of proposed Part 10 and related conforming amendments?**

Response to question #3

Yes, we agree with the content of the Part 10 proposed and the related confirming amendments except for, as noted in our response to question #1, the proposal to exclude all reference to component and component auditor.