

**May 2, 2023**

ICAN/ED/R&T/MAY/2/2023

*International Auditing and Assurance Standards Board*  
529 Fifth Avenue,  
New York, NY 10017

Dear Sir,

**Re: RESPONSE TO THE 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**

Please find below our responses to the Exposure Draft named above.

**Question 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:**

We agree with the proposed prohibition on the use of the proposed ISA for LCE for group audits. Group audits or audits of financial statement of a group would generally involve certain level of complexity in the operations of the group of entities to be audited. This would create further need for diligence for the auditor to plan the audit procedures to ensure that appropriate opinion is arrived at. Therefore, it would not be ideal that the proposed ISA for LCE for group audits is applied especially when component auditors are involved save for limited circumstances where physical presence is required.

**Questions 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:**

We 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.

However, the Board should take further step to clarify the meaning of “few entities” and “few jurisdictions” as parts of the descriptions of the group structure and activities characteristics relevant to group audits. There are examples of yardsticks given in these

regards e.g. “3 or less”, for few entities and “3 or less”, for few jurisdictions. Are these quantitative criteria to be used in describing the meaning of “few”? This underscores the need for further clarity to enhance understandability and practicality of implementation.

### Question 3-

Do you agree with the content of proposed Part 10 and related conforming amendments?

### Response:

We agree with the content of the proposed Part 10 and related conforming amendments. These additions will further enrich the qualitiveness of group audits in less complex entities.

We appreciate the privilege to contribute to the Consultation Paper and we are available should there be need for further clarification.

Yours faithfully,



**Prof Ahmed M. Kumshe, FCA**  
**Registrar/Chief Executive**