

2 May 2023

Willie Botha
Technical Director
International Auditing and Assurance Standards Board
529 Fifth Avenue
New York, NY 10017
USA

Dear Sir,

RESPONSE TO INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD'S (IAASB) EXPOSURE DRAFT (ED) ON PROPOSED PART 10, AUDITS OF GROUP FINANCIAL STATEMENTS OF THE PROPOSED INTERNATIONAL STANDARD ON AUDITING FOR AUDITS OF FINANCIALS STATEMENTS OF LESS COMPLEX ENTITIES (ISA FOR LCE)

The Institute of Singapore Chartered Accountants (ISCA) appreciates the opportunity to comment on the above CP issued by the IAASB in January 2023.

For this ED, ISCA sought views from its members through a one-month public consultation and from the ISCA Auditing and Assurance Standards Committee which comprises technical professionals from audit firms, representatives from the public sector and other stakeholders.

We note that the IAASB is still in the midst of deliberating the comments received on other parts of the standard and look forward to the updates.

We share our specific comments to selected questions in the ED as follows:

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?

We are supportive of the inclusion of group audits in ISA for LCE. With regards to the proposed scope, we have the following comments:

- 1) It may be too restrictive to limit the scope of component auditors to "circumstances where physical presence is required". There may be circumstances where the group auditor will require assistance from the component auditor to perform specific audit procedures as required by the group auditor. For example, the component auditors may be involved for practical reasons rather than because they are contributing skills, experience or expertise in technical or other matters. The IAASB may consider expanding the scope to include such situations. This will allow broader application of ISA for LCE to group audits but at

the same time restrict the use of the standard to situations where component auditor involvement is limited.

- 2) The descriptor “*circumstances where physical presence is required*” may be open to varying interpretation. In certain jurisdictions, it may be necessary for the group auditor to engage a component auditor to perform the audit of the component due to restricted access to information imposed by local laws and regulations. Such situations may be interpreted to fall within the scope of “*circumstances where physical presence is required*”, which we believe is not the IAASB’s intention. If this descriptor is included, more guidance should be provided to clearly explain the kind of situations to which this descriptor will apply.

Question 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?

We agree with the proposed group-specific qualitative characteristics, which generally describes characteristics of a less complex group structure. However, the standard should include a reminder for practitioners to exercise their professional judgment in the evaluation of whether the standard is applicable, as there may be circumstances specific to a group that may not be captured in the qualitative characteristics described under the Authority of the standard. For example, while “group entities or business units that are limited to few jurisdictions” may be characteristic of a less complex structure in most circumstances, it may not be the case if one or more of the jurisdictions in question is of high risk.

Should you require any further clarification, please feel free to contact Mr Terence Lam at terence.lam@isca.org.sg or Ms Wang Zhumei at zhumei.wang@isca.org.sg.

Yours faithfully,



Mr Wai Geat, KANG
Divisional Director
Professional Standards