

Thomas R. Seidenstein

IAASB Chair
International Auditing and Assurance Standards
Board
529 5th Avenue, 6th floor
10017, New York
US

Paris, 24 May 2021

Ref: 20210178

Subject: Proposed amendments to the IAASB's International Standards – *Conforming and Consequential Amendments to the IAASB's Other Standards as a result of the New and Revised Quality Management Standards*

Dear Sir,

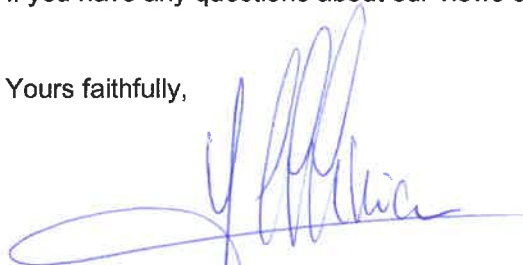
The Compagnie Nationale des Commissaires aux Comptes (CNCC) and the Conseil Supérieur de l'Ordre des Experts-Comptables (CSOEC) are pleased to provide you with their comments on the proposed *Conforming and Consequential Amendments to the IAASB's Other Standards as a result of the New and Revised Quality Management Standards*.

We agree, subject to some detailed comments explained in our responses to question 1, with the proposed conforming and consequential amendments of the IAASB's other standards and the framework to reflect the new quality management approach that has been adopted in the QM standards. We consider that it is important that the IAASB's other standards and the ISQMs be able to operate in concert and without confusion due to the importance of firm-level quality management to consistent performance of quality engagements.

Responses to specific questions raised in the Public Consultation are set out below.

If you have any questions about our views on these matters, please do not hesitate to contact us.

Yours faithfully,



Yannick Ollivier
President of CNCC



Lionel Canesi
President of CSOEC

Envoyer obligatoirement toute correspondance aux deux adresses ci-dessous :

Questions for respondents

Question 1: Do respondents believe the proposed conforming and consequential amendments are sufficient to resolve actual or perceived inconsistencies between the IAASB's Other Standards and Framework, and the changes made by the IAASB in developing and approving the new and revised QM standards?

We consider that the proposed conforming and consequential amendments are sufficient to resolve actual or perceived inconsistencies between the IAASB's Other Standards and Framework and the changes made by the IAASB in developing and approving the new and revised QM standards.

We have however the following comments:

- Definition of "engagement team"

The IAASB's Other Standards ISAE 3000, ISRS 4400, 4410 contain a definition of "engagement team" that is partly consistent with the definition in ISA 220 (revised) and ISQM1. ISQM1 and ISA 220 (revised) have clarified the engagement team definition by including any individual who performs audit procedures.

The proposed changes to the definition of engagement team in the Other Standards are made to align it with the principle underlying the new definition of "engagement team" in the QM standards.

In this context, one of these changes made has been to remove the reference to "engaged by firm or a network firm" when referring to the other individuals. However, no such amendment has been made for the "external expert". We therefore recommend that the IAASB do so for consistency with ISQM1 paragraph 16(f)¹ and ISA 220 revised paragraph 12 (d)².

Definition of "engagement team" should therefore become in ISAE 3000, ISRS 4400 and 4410: *"All partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner's external expert engaged by the firm or a network firm."*

Such amendment should be made in all the IAASB's Other Standards that include the definition of "engagement team" and also in the Handbook's Glossary of Terms (the Glossary).

- Date of the report when an EQR is required

ISAE 3000, ISAE 3402 and ISRS 2400 have been amended to address the additional constraint on report date related to engagement quality reviews. The following requirement has therefore been included: *"when an engagement quality review is required in accordance with ISQM1, the practitioner shall not date the report until the completion of the engagement quality review"*.

However, we note that the ISRS 4400 has been amended but with a different wording, i.e. *"When an engagement quality review is required in accordance with ISQM 1, the engagement quality reviewer is required to notify the engagement partner when the engagement quality review is complete."* (A58A ISRS 4400)

For achieving consistency in standards, we recommend that ISRS 4400 be amended using the same wording as the one in ISAE 3000, ISAE 3402 and ISRS 2400.

Finally, we have a comment addressing the notes that justify the proposed changes to the IAASB's Other Standards. It relates to the "Engagement Quality Review" section and the justification for deleting the requirements of paragraph 71 of ISAE 3410. We consider that the justification given *"the detailed requirements about the engagement quality review have been deleted as these are covered by ISQM*

¹ Engagement team – All partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding an external expert and internal auditors who provide direct assistance on an engagement.

² Engagement team – All partners and staff performing the audit engagement, and any other individuals who perform audit procedures on the engagement, excluding an auditor's external expert and internal auditors who provide direct assistance on an engagement.

2” is not appropriate. Indeed, this justification used to amend paragraph 36 of ISAE 3000 did not generate the same changes and, in particular, did not result in the total deletion of paragraph 36 of ISAE 3000.

We consider that the following rationale, with reference to paragraph 15³ of the ISAE 3410, would be more appropriate:” *the detailed requirements about the engagement quality review have been deleted as the practitioner has to comply with the requirements of both this ISAE and ISAE 3000.*”

Question 2: Do respondents support the proposed effective date?

The IAASB proposes that the effective date of the conforming and consequential amendments be the same as those in ISQM 2 for the IAASB’s review, other assurance and related services standards.

The conforming and consequential amendments are proposed to take effect for:

- Reviews of financial statements for periods beginning on or after December 15, 2022; and
- Other assurance and related services engagements beginning on or after December 15, 2022

We support the proposed effective date.

³ “The practitioner shall not represent compliance with this ISAE unless the practitioner has complied with the requirements of both this ISAE and ISAE 3000.”