

Paris La Defense, 6 March 2020

**Independent Regulatory Board for Auditors (IRBA) South Africa**  
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Re: Comments on the IRBA's Proposed Guide on Joint Audit Engagements

Dear Imran Vanker and Ian Mtegha,

MAZARS is pleased to submit this letter in response to your invitation to comment on the IRBA's Proposed Guide on Joint Audit Engagements.

MAZARS is an international, integrated and independent organisation, specialising in audit, accountancy, advisory, tax and legal services. As of 1<sup>st</sup> January 2020, Mazars has 24,400 professionals serving global clients in 91 countries and territories.

MAZARS is a member of the IFAC Forum of Firms, and has been for more than 15 years, fully supporting the initiatives of IFAC IAASB, IESBA, Forum of Firms and Transnational Auditors Committee, as well as regulators in areas of common concern for public interest, promoting high quality standards as part of the international roll-out of audit engagements. All MAZARS firms and correspondents are committed to supporting and applying those initiatives.

MAZARS also supports all initiatives taken to enhance audit quality and the future of the profession for the benefit of the public interest and welcome the opportunity to add our views to the debate on the audit quality.

As part of the different perspectives for the quality and the diversity of the market, joint audit is one of the solutions that has been proved to work for many years in France and South Africa. We are reaffirming our longstanding support for joint audit as a fundamental part of any package of measures to be considered to remedy the current state of play.

Our manifesto on joint audit is available on <https://www.mazars.com/Home/Services/Audit-Assurance-Reporting/Forward-Thinking/Policy-Watchdesk/A-Guide-to-Joint-Audit>

Even though this proposed guide by IRBA applies only to auditors in South Africa, we believe it may influence future joint audit guidance in other countries and standard setting bodies.

Our approach to review was to make a link between the proposed guide and our practical experience in France. Our experience includes working in joint audit with audit firms of different sizes and across various sectors. We also made a comparison between the suggested guide and:

- the existing concepts within the IFAC ISAs, such as in ISA 600 and ISA 220;
- existing documents published on joint audit, such as:
  - AGS 10 issued by the Institute of Singapore Chartered Accountants in 2016;

- IDW Audit Standard: Performing Joint Audits (IDW PS 208) issued in Germany in 2006;
- The French auditing standard on joint audit NEP ("*Norme d'Exercice Professionnel*") 100 translated in English; and



NEP 100 Audit des  
comptes réalisé par p

the associated guidance issued by the French Institute CNCC ("*Compagnie Nationale des Commissaires aux Comptes*") NI ("*Note d'Information*") XII related to consolidated financial statements, even though joint audit is not only applicable for consolidated financial statements, but also for statutory or component audits.

- SA 299 issued in India in 2018, more based on shared audits in substance.

Overall, we believe that the proposed guide will help improve quality in both firm-wide procedures and in the way audits and reviews are conducted and documented. However, we want to emphasize on the following aspects of the guide, where we consider further guidance or clarification is required which is included in our detailed responses.

Our very first comment is that we find that the guide is written in a concise way that makes it easy to read and user-friendly. We also appreciate the effort done to make it practical especially with the Appendix 2 "Summary of documentation considerations regarding topics covered in this proposed guide."

As a general ascertainment, we believe that more explanation and examples should be given for implementation, particularly in firms that have never practiced joint audit. We are convinced that this is a key aspect that should be addressed by the guidance.

Some aspects of the guide may also create challenges for implementation and further guidance should be given to help all firms to be in line with the principles:

- Satisfying that quality control system and independence assessment at the other joint auditor's firm is adequate.

We believe that going too far in the required work effort and the documentation of the assessment on the Quality Control System of the joint auditor and the independence may constitute an impediment in practice and based on our practice in France are not necessary, except of course if there are questionable factual circumstances.

However, those topics are obviously key. We suggest that the understanding of the quality control system is performed through obtaining a confirmation from the joint auditor and that should be done at firm level rather than engagement by engagement. Regarding the independence, we suggest setting up a confirmation of the independence of the joint-auditor at the beginning and at the end of the engagement, together with a cross-review of the work done by the other joint auditor to ensure that he is independent and complies with other relevant ethical requirements. The compliance with ethical requirements is also part of the engagement letter. For listed entities as per ISA 260 § 17, the auditors must make a statement of compliance with ethical requirements regarding independence.

- The resolution of differences of opinion between the joint auditors. In case of difference in the audit opinion and based on the French experience (extremely rare cases in practice), we suggest that one single audit report is issued with the two opinions. As a matter of fact, one of the benefits of joint audit is that the firms can disagree. Normally, they should most of the time converge and concur together, after solving the discrepancy, process providing in itself value to investors and regulators.



- We consider that the guide could include aspects on the necessity and importance of having joint auditors' meeting with the Management and Those Charged With Governance (TCWG) throughout the audit, from planning to completion phases.

You will find in attachment to this letter our detailed comments.

We have also put in Appendix an example of work allocation between the joint auditors, which IRBA could use as a starting point to further develop the guide; based on a free translation of one table from the French guidance of the CNCC NI XII related to the audit of consolidated financial statements.

Last, in the following document

[https://www.irba.co.za/upload/72\\_%20Joint%20Audit%20Engagements.pdf](https://www.irba.co.za/upload/72_%20Joint%20Audit%20Engagements.pdf)

it is stated that the guide is authoritative.

However, in the guide itself, we do not see this mentioned and believe it would be appropriate to include.

We hope these comments will help to illustrate our commitment and our effort for continuous improvement in audit quality.

We would be pleased to discuss our comments with you and remain at your disposal, should you require further clarification or additional information.

Yours sincerely,



Jean-Luc Barlet  
*MAZARS Chief Compliance Officer*

## Request for specific comments

We have classified our comments by importance "High, moderate, Low".

The column "type" refers to the request for specific comments:

1: Disagreement or Improvement recommended – This type corresponds to the question 1 "Are there any aspects of this proposed guide with which respondents disagree? Please provide details and suggestions for correction and/or improvements."

2: Unclear – This type corresponds to the question 2 "Are there any aspects of this proposed Guide that are unclear and require further guidance? If so, please list those aspects and the guidance required."

3: Further aspects should be included - This type corresponds to the question 3 "Given the abovementioned scope, are there further aspects that should be included in this proposed Guide ? If so, please list those aspects and the guidance required."

Regarding the request of the question 4 related to the effective date, we have not specific comment.

| Topic   | Importance | IRBA  | Type | Comment  |
|---|------------|---|------|--|
| Independence and Other Relevant Ethical Requirements Compliance | High       | 23. A joint auditor evaluates, before and throughout the joint audit engagement, that the other joint auditor(s) meets the ethical and independence requirements necessary for carrying out the audit in accordance with the IRBA Code and other relevant ethical requirements. However, the responsibility for compliance with the IRBA Code and other relevant ethical requirements rests with each joint auditor individually. | 1    | <p>We believe that going too far in the required work effort and the documentation of the assessment of the independence of the joint auditor may constitute an impediment in practice and based on our practice in France not necessary, except of course if there are questionable factual circumstances.</p> <p>As a practical suggestion, the guide could suggest that each joint-auditor obtains a confirmation of the independence of the joint-auditor at the beginning and at the end of the engagement, together with a cross-review of the work done by the other joint auditor to ensure that he is independent and comply with other relevant ethical requirements.</p> <p>The compliance with ethical requirements is also part of the engagement letter. For listed entities as per ISA 260 § 17, the auditors have to make a statement of compliance with ethical requirements regarding independence.</p>  |
| Independence and Other Relevant Ethical Requirements Compliance | High       | 25. If any joint auditor is not satisfied about the compliance with independence and other relevant ethical requirements of the other joint auditor(s), the dissatisfied joint auditor applies professional judgement, and considers declining the joint audit engagement.  | 1    | <p>We consider there are some steps to consider before declining. We believe it depends on where independence is lacking. For example, in the case of consolidated financial statements, if there is an independence issue at a component level, then the joint auditor could address this effectively by having the independent auditor take responsibility for this component, effectively applying a safeguard approach. It also depends on the significance of the independence breach and whether other safeguards can be applied before forcing one of the joint auditors to resign.</p> <p>IRBA could consider the following paragraph as well:</p> <p>" If a joint auditor does not meet the independence requirements that are relevant to the joint audit, or the joint auditor has serious concerns about the other matters such as:</p> <p>(a) compliance with the ethical requirements that are relevant to the group audit and in particular is independent;</p> |



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|   |      |  |   | <p>(b) The component auditor's professional competence;</p> <p>(c) Whether the joint auditor will be able to be involved in the work of the other joint auditor to the extent necessary to obtain sufficient appropriate audit evidence;</p> <p>(d) Whether the other joint auditor operates in a regulatory environment that actively oversees auditors.</p> <p>Then the joint auditor shall obtain sufficient appropriate audit evidence relating to the financial information audited by the other joint auditor."</p>   |
| Quality Control System                                      | High | <p>26. ISA 220, Quality Control for an Audit of Financial Statements, presumes that audit engagements are conducted by a firm that is subject to the requirements of International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements. Therefore, prior to the acceptance or continuance of a joint audit engagement, the joint auditors, based on their professional judgement, need to satisfy themselves that there are adequate quality control systems in place in each firm(s) party to the joint audit engagement. The joint auditors may need to agree on access to the relevant firm records, resources or information for the above-mentioned purpose. The joint auditors document how they have satisfied themselves to achieve the abovementioned purpose with respect to adequate quality control systems of the other joint auditor(s).</p> | 1 | <p>"Based on their professional judgement, need to satisfy themselves that there are adequate quality control systems in place in each firm(s) party to the joint audit engagement. The joint auditors may need to agree on access to the relevant firm records, resources or information for the above-mentioned purpose."</p> <p>We believe that going too far in the required work effort and the documentation of the evaluation of the Quality Control system may constitute an impediment in practice and based on our practice in France not necessary, except of course if there are questionable factual circumstances.</p> <p>Through this paragraph and especially the mention "Satisfy themselves", IRBA seems to imply that the joint auditors need access to the Quality control system in the other joint auditor's firm and to assess it. This is raising some concerns in terms of confidentiality and plausibility. We would like IRBA to provide more guidance and example in terms of expectation in regard to this statement. As an example, would obtaining a memo, confirmation letter from the other joint auditor be enough?</p> <p>As mentioned in the §26, the ISA 220 should apply for each of the signing auditor regarding the totality of the audit work performed to arrive at the audit opinion.</p> <p>A possible solution could be providing guidance such as: to obtain confirmation in writing the joint auditor complies at firm level and at the engagement level with the ethical and independence requirements at a minimum.</p> <p>Some other steps in some circumstances (new firm for example) could be to provide a questionnaire to be completed by the joint auditor, to obtain confirmations from a professional body or bodies to which the component auditor belongs, the authorities by which the component auditor is licensed, or other third parties.</p> |
| Quality Control System                                      | High | <p>27. The joint audit engagement partners need to ensure that their responsibility with respect to audit quality will be discharged, and plan and perform the audit accordingly. A letter by each joint auditor to the other(s), explaining their processes in this regard, may form part of the audit documentation.</p>   | 1 | <p>"The joint audit engagement partners need to ensure that their responsibility with respect to audit quality will be discharged, and plan and perform the audit accordingly."</p> <p>Par. 26 already mentions the need to document the quality control processes of each joint auditor and how they satisfy the requirements. IRBA could clarify the meaning of this paragraph and the meaning of "discharge" in this context.</p> <p>The IRBA could suggest the joint-auditor to obtain excerpts from the last regulator inspection report or peer review report, transparency report.</p>   |
| Joint Auditors' Report and the Resolution of Differences of | High | <p>73. In the rare circumstance, where the differences of opinion between the joint auditors cannot be resolved (after all reasonable steps to resolve the conflict have been taken), and the matter is significant enough to affect the joint audit opinion, the joint</p>  | 1 | <p>This seems to be against the entity's interest to discontinue the engagement once the audit has started. What would be the implication of the withdraw? Would there be a new joint auditor, and would this new joint auditor have access to the audit file of the auditor that resigned from the engagement?</p>   |

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| Opinion Between Joint Auditors |      | auditors consider whether the joint audit engagement continues, including consideration of client acceptance, and thereafter inform management and/or those charged with governance of the conclusions reached.   |   | IRBA could consider amending the paragraph to insert "withdraw from the audit engagement if possible, under the applicable law or regulation". This would relate more to the existing ISAs than "consider whether the joint audit engagement continues".<br>In case of differences of opinion and based on the French experience (very rare cases in practice), we suggest that one single audit report is issued with the two opinions. As a matter of fact, One of the benefits of joint audit is that the firms can disagree which provides valuable information to investors/regulators.  |
| New Joint Audit Engagement     | High | 51. If the joint audit is an initial audit engagement for the joint auditors, the joint auditors shall perform work on the opening balances. With reference to the definition of a new joint audit engagement, the scenario of an initial audit engagement can be brought about by the rotation of a single firm off a joint audit engagement. The remaining/continuing joint auditor(s) from the previous joint audit engagement, jointly with the new joint auditor(s), forming the new joint audit engagement, shall document the work performed on the opening balances as this is a new joint audit engagement.  | 1 | It is mentioned that "the remaining/continuing joint auditor(s) from the previous joint audit engagement, jointly with the new auditor(s), forming the new joint audit engagement, shall document the work performed on the opening balances, as this would be a new joint audit engagement".<br><br>In our practice in France, this is not required. One of the benefits of the joint audit is the fact that the joint auditors are not always changing at the same time, so the remaining joint auditor keeps the understanding and experience of the audit and can share it with the new joint auditor.<br><br>The remaining joint auditor will give access to its audit file to the new joint auditor. However, we would expect the new joint auditor to comply with ISA 510 and document the work on the opening balance in its own audit file.<br><br>IRBA could clarify what exactly will the joint auditor, who was on the audit of the prior year, is expected to do?  |
| Joint Auditors' Agreement      | High | 31. In addition to the engagement letter, the joint auditors may decide to put in place a joint auditors' agreement that is meant to document the policies and procedures to be followed by the joint auditors in conducting the joint audit engagement.<br><br>32. The joint auditors' agreement can be a formal agreement, for example, a contractual agreement. Also, the joint auditors may consider it appropriate to seek legal advice regarding the joint auditors' agreement.<br><br>33. The joint auditors' agreement may include the following, which is not an exhaustive list:<br><ul style="list-style-type: none"> <li>• Confirmation of professional indemnity cover by each joint auditor;</li> <li>• Agreeing audit fee billing arrangements;</li> <li>• Agreeing monitoring arrangements;</li> <li>• Agreeing group audit arrangements;</li> <li>• The allocation of work to each joint auditor;</li> <li>• Communication protocols in respect of the independence and other relevant ethical requirements of a joint auditor;</li> <li>• Communication protocols in respect of the quality control systems of a joint auditor;</li> <li>• The right of access to the working papers of a joint auditor;</li> <li>• The timing and processes for cross-reviewing each other's working papers;</li> <li>• Consultation processes and requirements of their respective firms;</li> <li>• The content to be addressed in the management representation letter;</li> <li>• Communication protocols in respect of meetings with client management and those charged with governance and the required attendees;</li> </ul> | 2 | IRBA has provided more details about the agreement between the joint auditors than we have seen in other guidance. Even though there is no joint audit agreement in France because we have a legal framework to deal with Joint Audit, we consider necessary and important for countries where joint audit is new in practice and there is no such a framework, to have a tripartite joint audit engagement letter instead of a joint audit agreement.<br><br>IRBA gives flexibility in terms of the communication of this agreement. We are of the view that this agreement is a pre-requisite to the joint audit and to ensure the good performance of the audit and should be compulsory.<br><br>The content seems to be relevant as audit firms will need to sort out these types of details prior to starting the audit. However, many topics should be part of the engagement letter which is shared with the client (example: fees, communication process, allocation of the work).<br><br>However, the rest of the content is a matter between two joint-auditors and does need to be shared with the client. Nevertheless, the topic of professional indemnity cover is generally dealt with an attest at firm level, as most of the time forbidden by regulators or regulation in engagement letter.<br><br>It could be useful to obtain from IRBA an example of agreement that would represent a good practice. For the countries applying joint audits for the first time, it might be challenging to set the appropriate agreement.<br><br>IRBA should consider clarifying the following bullet points:<br><ul style="list-style-type: none"> <li>- Agreeing to monitoring arrangements;</li> <li>- Agreeing to group audit arrangements;</li> </ul> |



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|   |      | <ul style="list-style-type: none"> <li>• Process for preparing written communication, such as audit committee documents;</li> <li>• Dispute resolution mechanisms;</li> <li>• Archiving and retention process for the audit file; and</li> <li>• Other matters, as may be agreed upon between the joint auditors.</li> </ul>   |   | <p>IRBA could consider including the guidance of paragraph 47, in regard to the division of the work under this paragraph.</p> <p>IRBA could consider giving an indication of the adequate allocation of the work. A balanced allocation between the joint auditors and work interchanged regularly is more likely to ensure the most benefits from a joint audit.</p> <p>The French regulator has given in a position of 2012 further explanation about the balanced allocation. The target of a balanced allocation is a split of the fees in a range of 40-60%. A split of 30-70% and below has to be explained and should be considered as temporary.</p>  |
| Roles and responsibilities of a joint auditor                   | High | 22. "The joint auditors shall ensure that the joint audit engagement has been conducted in accordance with the applicable ISAs, and that sufficient appropriate audit evidence, has been obtained collectively by all the joint auditors in order to express a joint audit opinion."   | 2 | <p>The ISA 220 should apply for each of the signing auditor regarding the totality of the audit work performed to arrive at the audit opinion.</p> <p>However, because joint audit is not in the ISA and is in most of the countries a new concept, we suggest that in addition to this paragraph 22, IRBA could make it clearer and emphasize the fact that being jointly responsible in other words means that: "the joint auditor is also responsible for the work performed by the other joint auditor and must therefore ensure that the work was conducted with the applicable auditing framework and that sufficient audit evidence (evidenced through the cross-review) has been obtained". Per this definition, it is clearer that both joint auditors must be involved together in the definition of the audit work to perform.</p> <p>As you see above, we have suggested that sufficient appropriate audit evidence include the concept of cross-review.</p> <p>Additionally, we recommend the emphasis on the responsibility to issue <b>a single</b> joint audit opinion on the financial statements with the other joint auditor(s) and <b>sign jointly on a single auditors' report</b>.</p> |
| Independence and Other Relevant Ethical Requirements Compliance | High | 24. The joint audit engagement partners shall remain alert for evidence of non-compliance with relevant ethical requirements by members of the engagement team and determine the appropriate action if such non-compliance is identified. A letter by each of the joint auditors to each other, explaining their processes in this regard, may form part of the audit documentation. | 2 | <p>"A letter by each of the joint auditors to each other, explaining their processes in this regard, may form part of the audit documentation."</p> <p>This is not necessarily clear. Does it mean that it is in the instance of non-compliance identified that they should obtain a letter explaining the processes to mitigate the threats on the independence or does IRBA suggest that in all circumstances the joint engagement partner must issue a letter to explain the independence process to the other joint auditor?</p>   |

| Topic   | Importance | IRBA  | Type | Comments   |
|---|------------|---|------|--|
| Appendix 1 – Joint auditors' Considerations in audits of Group Financial Statements | Moderate   | (...) a component is determined to be jointly audited, i.e. whether its significance to the group, resourcing or skills transfer warrants all joint auditors' involvement in that component   | 2    | <p>As mentioned in our overall comment, we need to make sure that the scope of joint audit is not only considered applicable for consolidated financial statements (Group audit) as it is also applicable for stand-alone entity.</p> <p>What is suggested in the second bullet point seems to require that all significant components must be jointly audited. While this is not the practice in France as significant components can be allocated between the two joint auditors, we find it as a good practice for significant components, as defined by ISA 600 being significant components by size and/or by risk</p>  |
| Audit Plan and Strategy   | Moderate   | <p>47. The joint auditors may allocate the work among themselves in terms of business units, branches, subsidiaries, geographical locations, or specific items of the financial statements (i.e. assets and liabilities or income and expenses) or any other mutually agreed basis. The joint auditors may also consider rotation of work allocated from one financial period to another, as there are benefits to be gained from such a decision. Further, those charged with governance and regulators may request or prescribe that work be rotated among the joint auditors.</p> <p>48. In some cases, certain areas of work, owing to their importance or the nature of the work involved, would not be divided but be performed by all the joint auditors.</p> <p>49. The joint auditors agree in writing on the allocation of the work, for the efficient conduct of the audit, and communicate this to those charged with governance.</p> | 2    | <p>One key comment is to precise that the audit plan and strategy should be proposed jointly by the joint auditors and discussed and agreed with Those Charged With Governance.</p> <p>Par 47 to 49: IRBA could consider presenting those topics at the end of the section (after par. 46). It could also be presented under a sub-section "work allocation" or presented in the section "joint auditor's agreements" as suggested in the comment of paragraph 31. This could ease the reading of the guidance.</p> <p>Please refer to appendix 2 for a basic example of work allocation which could serve as a more detailed example.</p>   |
| Consultations on Technical, Independence/Ethical or Other Matters                   | Moderate   | 52. The joint auditors are jointly responsible for the audit. Therefore, significant matters that include technical and ethical issues arising from the audit are discussed among the joint auditors, together with management and/or those charged with governance, as appropriate. The conclusions reached, as a result of the discussions, are jointly implemented by the joint auditors and documented accordingly.   | 2    | <p>"The joint auditors are jointly responsible for the audit" this is a repetition of the responsibilities which is already described in the section "Roles and responsibilities of a joint auditor". IRBA could consider deleting this part.</p> <p>"significant matters that include technical issues arising from the audit are discussed among the joint auditors". IRBA could consider amending "are" by "must be" or "shall be" as this is important to communicate to the readers that it must be discussed among both joint auditors because they both have responsibilities over the financial statements. We believe that the consultation is a key practical aspect of joint audits. Technical consultations can be allocated to one firm or another with adequate review/challenge by the other. Not everything needs to be done twice. This could be more precise in the guide.</p> |
| Roles and responsibilities of a joint auditor                                       | Moderate   | 21. A joint auditor has a joint responsibility with the other joint auditor(s) for the audit and the audit opinion on the financial statements. The joint responsibility emanates from the engagement letter (i.e. the contract), resulting in the joint auditors and their respective firms being jointly and severally liable for the joint audit engagement.   | 1    | <p>The reference to "liable" is not used in the ISA anywhere. The ISA is rather referring to "responsible". IRBA should consider Joint and several liability is a legal term. removing the reference to liability. we should avoid references to liability in an audit standard as it is a legal matter.</p> <p>An alternative ISA-compliant wording could be: "The joint auditor is jointly responsible for the audit with the other joint auditor(s). They are also jointly responsible for the audit opinion expressed on the financial statements."</p>  |



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| Definitions (refer to dedicated table for comparison)              | Moderate | <p>12-19</p> <p>Joint audit engagement<br/>Joint auditor<br/>Single auditor engagement<br/>New joint audit engagement<br/>Joint audit opinion<br/>Cross-review<br/>IRBA code</p>  | 2 | <p>IRBA refers to separate firms within the definitions. IRBA should consider defining "separate" as it could lead to questioning. As example, does it mean separate firm and network?</p> <p>Joint auditor: "in the case of a firm, having been assigned to the joint audit engagement by the firm". This part isn't particularly clear, in what context is this applicable?</p> <p>New joint audit engagement: "when a new firm(s) is added to, or an existing firm(s) exits the engagement." In this statement, if a joint audit firm exits and one of the joint auditors is not replaced, we should consider it is not new joint audit engagement.</p>  |
| Quality Control System   | Moderate | <p>28. If any joint auditor is not satisfied about the quality control systems of the other joint auditor(s), whether at the engagement acceptance, during or at the end of the engagement, the dissatisfied joint auditor applies professional judgement in determining whether additional work in relation to the joint audit engagement can be performed in overcoming the deficiency(ies) identified and if not, consider declining the joint audit engagement.</p> | 2 | <p>IRBA did not describe the same procedure per par.25 and 28 in regard to potential deficiency related to the independence and potential deficiency related to quality control. Was it intentional?</p> <p>25: "If any joint auditor is not satisfied about the compliance with independence and other relevant ethical requirements of the other joint auditor(s), the dissatisfied joint auditor applies professional judgement, and considers declining the joint audit engagement."</p> <p>Versus</p> <p>28: "the dissatisfied joint auditor applies professional judgement in determining whether additional work in relation to the joint audit engagement can be performed in overcoming the deficiency(ies) identified and if not, consider declining the joint audit engagement."</p> |
| Acceptance and Continuance of Client Relationships and Engagements | Moderate | <p>30. In issuing the engagement letter, joint auditors apply the requirements of ISA 210, Agreeing the Terms of Engagement, and draft the engagement letter in accordance with the policies and procedures of each joint auditor's firm. To ensure clear terms of engagement for all parties involved, a single engagement letter is agreed between the client and the joint auditors.</p>   | 3 | <p>We support the issuance of a single engagement letter.</p> <p>"In issuing the engagement letter": IRBA could consider using the same words as in ISA 210 "the agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement". Hence par.28 insinuate that it is an engagement letter.</p> <p>We could precise that to have a single engagement letter, it should be drafted under the policies of each firm, in other words any Terms and Conditions required by one firm should be included, and any contradictions resolved for the single letter</p> <p>It would be useful for IRBA to add: "and the letter is to be signed by the joint auditors".</p>  |

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| <p>The Role of an Engagement Quality Control Reviewer (EQCR) in a Joint Audit Engagement</p> | <p>Moderate</p> | <p>38. The EQCR of each joint auditor may consider the cross-review documentation, which is included in the working papers prepared by the engagement team, depending on the scope of the engagement quality review and areas of significant judgement. The EQCR may also request access to the working papers of the other joint auditor(s).</p> <p>39. In instances where all joint auditors have an EQCR respectively appointed by each of their firms, the EQCRs may interact with each other for purposes of coordinating the engagement quality control review.</p> | <p>3</p> <p>In practice, generally, it is more likely that the EQCR will review the working papers prepared by the auditors within this EQCR's firm and ensure that the cross-review has been documented appropriately.</p> <p>Par.38 and 39 suggest that EQCR could directly look into the other joint auditors working papers which seems unusual but could be reasonable in case of significant risks since the joint auditors are responsible for the work of the other joint auditors.</p> <p>We support the interaction between the two EQCRs but we believe it should not be systematic between the EQCR of one firm and the audit team of the other.</p> <p>However, we recommend that the joint audit team remain the first point of contact for communications. This will ensure that there is no duplicate requests and that the matters are discussed within the respective firm in the first place.</p> <p>IRBA could consider adding EQCR additional considerations in the context of joint audits such as :</p> <ul style="list-style-type: none"> <li>(a) The engagement team's evaluation of the firm's independence and the independence of the firm(s) of the other joint auditor(s) in relation to the joint audit engagement;</li> <li>(b) Whether timely discussion and appropriate consultation has taken place on matters involving differences of opinion between the joint auditors or other difficult or contentious matters, and the conclusions arising from those consultations;</li> <li>(c) Whether documentation selected for review, which includes the work performed by the other joint auditor(s), reflects the work performed in relation to the significant judgments made and supports the conclusions reached;</li> <li>(d) The quality of the cross reviews performed by the joint auditor; and</li> <li>(e) Timing of the review, i.e. engagement quality control review is to be performed and completed before the date of the joint auditors' report.</li> </ul> |
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| Communication | Moderate | <p>64. A joint auditor communicates with the other joint auditor(s) on a timely basis. The communication may include :</p> <ul style="list-style-type: none"> <li>• The ethical requirements that are relevant to the joint audit engagement and, in particular, independence requirements;</li> <li>• The processes in relation to the review of the other joint auditor's working papers;</li> <li>• Identified significant risks of material misstatement at the financial statement or assertion level, due to fraud or error, that may be relevant to the work of the other joint auditor(s);</li> <li>• Information on instances of non-compliance with laws and regulations that could give rise to a material misstatement of the financial statements;</li> <li>• Indicators of possible management bias;</li> <li>• Description of any identified significant deficiencies in internal control;</li> <li>• Other significant matters that the joint auditor expects to communicate to those charged with governance, including fraud or suspected fraud, and reportable irregularities, if any;</li> <li>• Any other matters that may be relevant to the audit that the other joint auditor(s) should be aware of and/or relevant to the work of the other joint auditor(s); and</li> <li>• The joint auditors' findings and conclusions which may lead to a modified opinion.</li> </ul> | 2 | <p>In regard to the communications, IRBA could consider including for consistency reasons: "Quality control system of the joint auditor's firm which meets the requirements of the applicable auditing framework on quality control;</p> <p>IRBA could consider giving more details regarding the bullet point "The processes in relation to the review of the other joint auditor's working papers". It could be more precise that it means timing, extent and practicalities (access to audit files, obtain copy of key documents, etc.)</p> <p>Many elements of the § 64 (such as Indicators of possible management bias; Description of any identified significant deficiencies in internal control; Other significant matters that the joint auditor expects to communicate to those charged with governance, including fraud or suspected fraud, and reportable irregularities, if any) have to be mentioned as being clearly part of the joint auditors' meeting and communication with TCWG.</p> |
|---------------|----------|---|---|--|

| Topic   | Importance | IRBA  | Type | Comments  |
|---|------------|---|------|---|
| Scope   | Low        | 3. The joint auditors collectively constitute the engagement partner and the engagement team, as appropriate. The ISAs use the term auditor to refer to the person or persons conducting the audit, usually the engagement partner or other members of the engagement team, or, as applicable, the firm. Where an ISA expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "auditor" is used. It follows that in a joint audit engagement all requirements in the ISAs where there is a reference to an "auditor", also apply to the joint auditors, jointly. | 2    | In addition to the paragraph, IRBA could make it clear that all ISAs are applicable to joint audit and that the only difference is that the joint auditors are responsible jointly for the audit.   |
| Scope   | Low        | 4. The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements. This is achieved by the expression of an opinion by the auditor on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. This applies equally to a joint audit engagement.  | 3    | <p>IRBA could consider moving this paragraph in a section called "objectives".</p> <p>IRBA could consider including the following objective: In conducting an audit of financial statements, the overall objectives of the joint auditors are:</p> <p>(a) To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the joint auditors to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework; and</p> <p>(b) To report on the financial statements, and communicate as required by the applicable auditing framework, in accordance with the joint auditors' findings.</p> |
| Access to the Working Papers of a Joint Auditor | Low        | 53. The joint auditors' arrangement stipulates the right of access to the working papers of a joint auditor.  | 2    | IRBA could consider deleting this section as it doesn't provide any additional information. This topic is already discussed in the section "Joint auditors' agreement" which is redundant. IRBA should also consider addressing this topic in the acceptance/continuance of a joint audit engagement, when determining whether the joint auditor is able to be involved in the work of the other joint auditor(s) and review the work of the other joint auditor(s) to the extent necessary to obtain sufficient appropriate audit evidence.  |

### Specific comments on "Cross-Review" section

IRBA could consider the text reorganisation (par. 54-63) below to ease the reading of this section.

5 proposed sub-sections:

| Sub-section   | Paragraphs                       |
|---|----------------------------------|
| 1. Cross-Review: Purpose                                      | 54                               |
| 2. Cross-Review: Procedures                                   | 59 + 58 (half paragraph)         |
| 3. Cross-Review: Documentation                                | 60-61                            |
| 4. Cross-Review: Timing                                       | 55 + 58 (half paragraph) & 56-57 |
| 5. Cross-Review: Insufficient or inappropriate audit evidence | 62-63                            |



| Sub-section (suggestion)     | IRBA  | Comments  |
|------------------------------|---|---|
| 1. Cross-Review : Purpose    | <p>54. The purpose of a cross-review is to ensure that the audit has been conducted in accordance with the ISAs, and that in the professional judgement of the joint auditor, sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the joint auditors' report to be issued.</p>   | <p>IRBA could consider adding to the main purpose: The other main purpose of the cross-review is to ensure that the work conducted was in line with the agreed audit strategy and that the conclusion are consistent/coherent with the work conducted.</p> <p>IRBA could clarify what is expected to be kept in the audit file following the cross-review (memorandum from the auditor documenting his cross-review on the allocated work to the joint auditor with a reminder of which work has been done, which findings with a conclusion that the procedures were sufficient for each financial statements areas, copies of important working papers linked to elements communicated to those charged with governance, Key Audit Matters).</p> <p>The review should cover the work done by the joint-auditor. However, the extent of review and documentation should be proportionate to risk assessment, i.e. light for standard risks and heavy for significant risks?</p>  |
| 2. Cross-Review : Procedures | <p>59. A review consists of consideration of whether:</p> <ul style="list-style-type: none"> <li>• The work has been performed in accordance with professional standards and applicable legal and regulatory requirements;</li> <li>• Significant matters have been raised for further consideration;</li> <li>• Appropriate consultations have taken place, and the resulting conclusions have been documented and implemented;</li> <li>-There is a need to revise the nature, timing and extent of work performed;</li> <li>• The work performed supports the conclusions reached and is appropriately documented;</li> <li>• The evidence obtained is sufficient and appropriate to support the report; and</li> <li>• The objectives of the engagement procedures have been achieved.<sup>19</sup></li> </ul> <p>58. Cross-reviews are completed and documented at appropriate stages, on or before the date of the joint auditors' report. Inquiry alone as a cross review procedure is not sufficient, it is supplemented by review of working papers.</p> | <p>In addition to the current paragraph, IRBA should consider including:</p> <p>The joint auditor analyses the significant risk areas of the financial statements and determines the scope and extent of the cross review to be performed on the audit work of the other joint auditor(s). The review includes evaluating:</p> <p>(a) Whether audit procedures, as determined and agreed during the planning stage, to be performed by the other joint auditor(s), have been done;</p> <p>(b) Whether sufficient appropriate audit evidence has been obtained from the audit procedures performed, on which to base the audit opinion; and</p> <p>(c) Whether the conclusions of the other joint auditor(s) are generally appropriate and consistent.</p> <p>We recommend keeping the second sentence of paragraph 58 and moving the first one in the section "cross-review timing", as indicated below.</p> <p>On the § 58, regarding the "review of working papers", we believe that the extent of review and documentation should be proportionate to the risk assessment, i.e. light for standard risks and heavy for significant risks ?</p> |

|  |  |   |
|--|--|---|
| <p>3. Cross-Review : Documentation</p> | <p>60. In documenting the nature, timing and extent of the cross-review performed, each joint auditor records:</p> <ul style="list-style-type: none"> <li>• The identifying characteristics of the specific items or matters tested;</li> <li>• Who performed the cross-review and the date such work was completed; and</li> <li>• The extent of such cross-review.</li> </ul> <p>61. The cross-review is sufficient to satisfy an experienced auditor, having no previous connection with the joint audit engagement, to be able to understand the nature, timing and extent of the cross-review procedures, and the conclusions reached in the cross-review. Evidence of cross-review may include the following:</p> <ul style="list-style-type: none"> <li>• Minutes of meetings held with the other joint auditor(s);</li> <li>• Documentation of how the joint auditor ensured compliance with the joint audit strategy, for example, with regards to the agreed procedures, sample sizes, and materiality.</li> </ul> | <p>Regarding the extent, as suggested before we believe it should be proportionate to the risk assessment</p>   |
| <p>4. Cross-Review : Timing</p>        | <p>55. The joint auditors, at the planning stage, agree on the timing and processes for carrying out the cross-review of the work of the other joint auditor(s) to ensure that it has been carried out according to the agreed audit strategy before forming the joint audit opinion.</p> <p>58. cross-reviews are completed and documented at appropriate stages, on or before the date of the joint auditor's report. Inquiry alone as a cross review procedure is not sufficient, it is supplemented by review of working papers.</p>   | <p>Par 51: Two concepts appears to be mixed in this same paragraph. 1) The joint auditors agree on the timing of the cross-review (communication &amp; administration of the audit in regard to the timing) 2) The joint auditors perform the cross-review to ensure that the work performed by the other joint auditor has been carried out according to the audit strategy. IRBA could consider presenting this topic in the sub-section "Cross-review: Procedures".</p> <p>Par 51 &amp; 54: IRBA could consider combining par. 51 &amp; 54 and performing the suggested amendments:</p> <ol style="list-style-type: none"> <li>1. deleting " that it has been carried out according to the agreed audit strategy before forming the joint audit opinion".</li> <li>2. deleting "Inquiry alone as a cross review procedure is not sufficient, it is supplemented by review of working papers." This part of the sentence could be presented in the sub-section "cross-review: procedures".</li> </ol> |



|                                 |  |                             |
|---------------------------------|--|-----------------------------|
| <p>4. Cross-Review : Timing</p> | <p>56. The cross-review is performed in a timely manner, at appropriate intervals during the audit and of appropriate sections of the other joint auditor's/auditors' documentation. The determination of appropriate intervals and sections of the audit documentation to review is a matter of professional judgement. The objectives of cross-reviews at different intervals or different sections of the documentation of the audit may differ, as described below:</p> <ul style="list-style-type: none"> <li>• The objective of cross-review at the planning stage of the audit, and of planning sections of the other joint auditor's/auditors' documentation would be to ensure that the audit strategy and plan is consistent with what was agreed upon by the joint auditors, and that there is no contradictory documentation that brings into question the robustness of the audit file as a whole.</li> <li>• The objective of cross-review at the execution stage of the audit and the execution sections of the other joint auditor's/auditors' documentation would be to ensure that the audit procedures have been executed according to the agreed audit strategy and plan, judgements applied during execution and findings noted are appropriate and documented.</li> <li>• The objectives of cross-review at the completion stage of the audit and the completion sections of the other joint auditor's/auditors' documentation include: <ul style="list-style-type: none"> <li>o Determining that the conclusions of the other joint auditor(s) are appropriate and consistent with the audit evidence;</li> <li>o Determining whether uncorrected misstatements (as identified by all joint auditors) are appropriately collated for joint evaluation per paragraph 70 below; and</li> <li>o Making an overall evaluation whether sufficient appropriate audit evidence has been obtained and properly documented, on which to base the joint audit opinion. This evaluation includes judgements relating to forming an opinion on the financial statements, as described in the ISAs.</li> </ul> </li> </ul> |                             |
| <p>4. Cross-Review : Timing</p> | <p>57. Timely reviews of the following by the engagement partner at appropriate stages during the engagement allow significant matters to be resolved on a timely basis to the engagement partner's satisfaction on or before the date of the auditor's report:</p> <ul style="list-style-type: none"> <li>• Critical areas of judgement, especially those relating to difficult or contentious matters identified during the course of the audit engagement;</li> <li>• Significant risks; and</li> <li>• Other areas the engagement partner considers important.</li> </ul>  | <p>No specific comments</p> |

|  |   |                             |
|--|---|-----------------------------|
| <p>5. Cross-Review: Insufficient or inappropriate audit evidence</p> | <p>62. If a joint auditor, after carrying out the cross-review, evaluates and concludes that the audit evidence of the other joint auditor(s) is insufficient and/or inappropriate to support the conclusions reached, the joint auditor highlights the observations to the other joint auditor(s), and request them to perform additional procedures, as appropriate.</p> <p>63. If the other joint auditor(s) disagree(s) with or is unable to carry out the additional procedures, the joint auditor requesting to perform the additional procedures would perform these additional procedures to obtain the sufficient appropriate audit evidence required to conclude and form a joint audit opinion on the financial statements. The joint auditor may consider communicating this to those charged with governance, as appropriate, after exploring all reasonable dispute resolutions mechanisms.</p> | <p>No specific comments</p> |
|--|---|-----------------------------|



## Appendix : Work required & Work allocation within the audit of consolidated financial statements

The table below is a basic example of work allocation which IRBA could use as a starting point to further develop the guidance; It is based on the translation of one table from the French guidance of the CNCC "NI XII" related to the audit of consolidated financial statements (Group audit ISA 600). As practice in France has developed over many years, this table should be further explained and detailed to support countries applying joint audit for the first time.

There could be also a table dedicated to the audit of standalone entity.

| WORK REQUIRED   | How to allocate the work between the joint auditors   |
|---|---|
| <b>Audit planning</b> <ul style="list-style-type: none"> <li>- Obtaining an understanding of the entity, the consolidated group and its environment</li> <li>- Identification of significant components<sup>1</sup></li> <li>- Assessment of the risk of material error or misstatement at the level of the consolidated financial statements taken as a whole</li> <li>- Determination of materiality at the level of the group and of individual components of the group</li> </ul>   | Each joint auditor <sup>2</sup><br>⇒ For the purpose of defining and documenting, in conjunction with the other joint auditor:<br><ul style="list-style-type: none"> <li>- The audit approach</li> <li>- The audit plan, and</li> <li>- The audit work programme</li> </ul> |
| Based on the aforementioned procedures: <ul style="list-style-type: none"> <li>- Definition of the audit procedures required at the level of each entity in response to the audit risks identified</li> <li>- Assessment of whether the relevant audit evidence susceptible of being collected on the basis of those procedures may be expected to be adequate</li> <li>- Documentation and organisation of the communication between the group joint auditors and the auditors of individual components, notably via the issuance of audit instructions</li> </ul> | The joint auditors working together   |
| <ul style="list-style-type: none"> <li>- Obtaining an understanding of the component auditors</li> </ul>  | Allocation on a concerted basis   |
| <b>Performance of audit procedures in accordance with the audit plan and as defined in the audit work programme<sup>3</sup></b> <ul style="list-style-type: none"> <li>- Group-wide internal controls</li> <li>- Consolidation process</li> <li>- Performance of analytical procedures for non-material entities</li> </ul>   | Allocation on a concerted basis between the joint auditors  |

<sup>1</sup> The identification of material entities helps identify the risk of material error or misstatement at the level of the consolidated financial statements.

<sup>2</sup> Each joint auditor is required to comply with the requirements of paragraph 05 of professional auditing standard NEP 100.

<sup>3</sup> Cf. paragraph 06 of professional auditing standard NEP 100.

| WORK REQUIRED   | How to allocate the work between the joint auditors     |
|---|---|
| <ul style="list-style-type: none"> <li>- Audit procedures applied to the accounting information of consolidated entities<sup>4</sup></li> </ul>   |   |
| <p><b>Throughout the period of the engagement</b></p> <p>Based on the audit evidence collected from performance of the audit procedures:</p> <ul style="list-style-type: none"> <li>- Assessment, throughout the period of the engagement, of whether the initial evaluation of the risk of material error or misstatement remains appropriate</li> <li>- Modification, if necessary: <ul style="list-style-type: none"> <li>• Of the nature</li> <li>• Of the timing, or</li> <li>• Of the extent of the planned audit procedures<sup>5</sup></li> </ul> </li> </ul> | The joint auditors working together                     |
| <p><b>Cross-review</b></p> <ul style="list-style-type: none"> <li>- Review of the audit procedures performed by the joint auditors<sup>6</sup></li> <li>- Evaluation of the adequacy and appropriateness of the audit evidence collected<sup>7</sup></li> <li>- Documentation, in each joint auditor's working papers, of the review findings supporting the assessment of the audit procedures performed by the joint auditors<sup>8</sup></li> </ul>  | Each joint auditor                                      |
| <p><b>Finalisation of the audit</b></p> <ul style="list-style-type: none"> <li>- Analytical review procedures designed to assess the overall coherency of the consolidated financial statements<sup>9 10</sup></li> <li>- Verification of the fair presentation and consistency with the consolidated financial statements of the other information provided on the occasion of the approval of the consolidating entity's accounts<sup>11</sup></li> </ul>   | Each joint auditor                                      |
| <ul style="list-style-type: none"> <li>- Communication with the corporate governance bodies mentioned under article L823-16 of the French code of commercial law<sup>12</sup></li> </ul>  | The joint auditors working together in due concertation |

<sup>4</sup> Cf. paragraph 2.332 a) of the guidance from which this table has been extracted.

<sup>5</sup> Cf. paragraph 09 of professional auditing standard NEP 100.

<sup>6</sup> Cf. paragraph 10 of professional auditing standard NEP 100.

<sup>7</sup> Cf. paragraph 11 of professional auditing standard NEP 100.

<sup>8</sup> Cf. paragraph 11 of professional auditing standard NEP 100.

<sup>9</sup> Cf. paragraph 2.3 of CNCC guidance NI.VIII on the statutory auditor's approach to analytical procedures.

<sup>10</sup> Cf. paragraph 15 of professional auditing standard NEP 100.

<sup>11</sup> Cf. paragraph 16 of professional auditing standard NEP 100.

<sup>12</sup> Cf. paragraph 17 of professional auditing standard NEP 100.