

30 June 2025

International Ethics  
Standards Board  
For Accountants

Dear Sirs

**COMMENTS ON THE CONSULTATION PAPER ON COLLECTIVE INVESTMENT VEHICLES AND PENSION FUNDS – AUDITOR INDEPENDENCE**

The Botswana Accountancy Oversight Authority (BAOA) values this opportunity to comment on the Consultation Paper on Collective Investment Vehicles and Pension Funds – Auditor Independence.

The BAOA is responsible for providing oversight to accounting and auditing services and promotion of the standard, quality, and credibility of providing financial and non-financial information by entities, including Public Interest Entities (PIEs). This is attained through standard setting, financial reporting monitoring, audit practice reviews, corporate governance reviews, enforcement of compliance and oversight over Professional Accounting Organisations, and education and training of professional accountants in Botswana.

Please refer to our Appendix to this letter to see our comments on the questions raised in the Exposure Draft.

Kindly e-mail us at [enkanga@baoa.org.bw](mailto:enkanga@baoa.org.bw) or phone directly on +267 391 9735, if further clarity is required on any of our comments.

Yours faithfully



Ephifania Nkanga  
Acting Chief Executive Officer

## **APPENDIX**

### **Question 1**

**Does the Code's definition of related entity capture all relevant parties that need to be included in the auditor's independence assessment when auditing CIVs/pension funds?**

**Please provide reasons for your response?**

#### **BAOA RESPONSE**

The Code's definition of related entity does not capture all relevant parties that need to be included in the auditor's independence assessment when auditing CIVs/pension funds. The code defines related entity in relation to control (direct or indirect, common) and material financial interest and significant influence over a client). The Code's definition of related entity does not capture connected parties for example Fund Managers.

### **Question 2**

**Do you believe the criteria set out above are appropriate and sufficient to capture Connected Parties that should be considered in relation to the assessment of auditor independence with respect to the audit of a CIV/pension fund?**

**Please provide reasons for your response.**

#### **BAOA RESPONSE**

Yes we do we believe that the criteria set out is appropriate and sufficient to capture Connected Parties that should be considered in relation to the assessment of auditor independence with respect to the audit of a CIV/pension fund as outlined below:

'A' speaks to being responsible for decision making and operations. We believe that this criterion is appropriate, however not sufficient. We feel the criteria should have been broadened to speak to the magnitude/impact of the decision making because not every decision that a connected party would make would be material or impact the dynamics of the CIV/Pension fund.

We agree with the criteria set out at 'B' and 'C' are appropriate and sufficient as they capture the main areas of influence that could affect auditor independence.

### **Question 3**

**Where there are such Connected Parties, do you believe that the application of the conceptual framework in Section 120 of the Code is sufficiently clear as to how to identify, evaluate and address threats to independence resulting from interests, relationships, or circumstances between the auditor of the CIV/pension fund and the Connected Parties?**

**If not, do you believe the application of the conceptual framework in the Code as applicable to Connected Parties associated with Investment Schemes warrants additional clarification?**

**Please provide reasons for your response.**

#### **BAOA RESPONSE**

Section 120 provides a sound framework, but additional guidance is needed due to complexities in investment schemes such as indirect links through layered fund structures, shared service providers, or overlapping management roles that make it difficult to identify and assess threats to independence consistently.

### **Question 4**

**Do you believe that the conceptual framework in Section 120 of the Code is consistently applied in practice with respect to the assessment of auditor independence in relation to Connected Parties when auditing a CIV/pension fund?**

**Please provide reasons for your response.**

#### **BAOA RESPONSE**

Currently the Conceptual Framework does not define connected parties. The auditor independence assessment is generally limited to audit clients and their related parties. The definition of the related parties does not extend to connected parties.

### **Question 5**

**Are there certain interests, relationships, or circumstances between the auditor of a CIV/pension fund and its Connected Parties that should be addressed?**

**Please provide reasons for your response.**

#### **BAOA RESPONSE**

Yes, relationships with Connected Parties such as fund managers, investment advisers etc may create self-interest, self-review or intimidation threats, if not clearly scoped within independence requirements. For example, if the auditor has previously provided a service to these parties or if the auditor has a close personal relation or financial interest with such parties. The IESBA should consider scoping these interest/relationships/circumstances within independence requirements or including them as application material.

### **Question 6**

**Does your jurisdiction have requirements or guidance specific to audits of CIVs/pension funds from an auditor independence perspective?**

**If yes, are those requirements included in audit-specific or CIV-specific regulation?**

**Please provide details.**

#### **BAOA RESPONSE**

Our jurisdiction does not have requirements or guidance specific to audits of CIVs/pension funds from an auditor independence perspective.