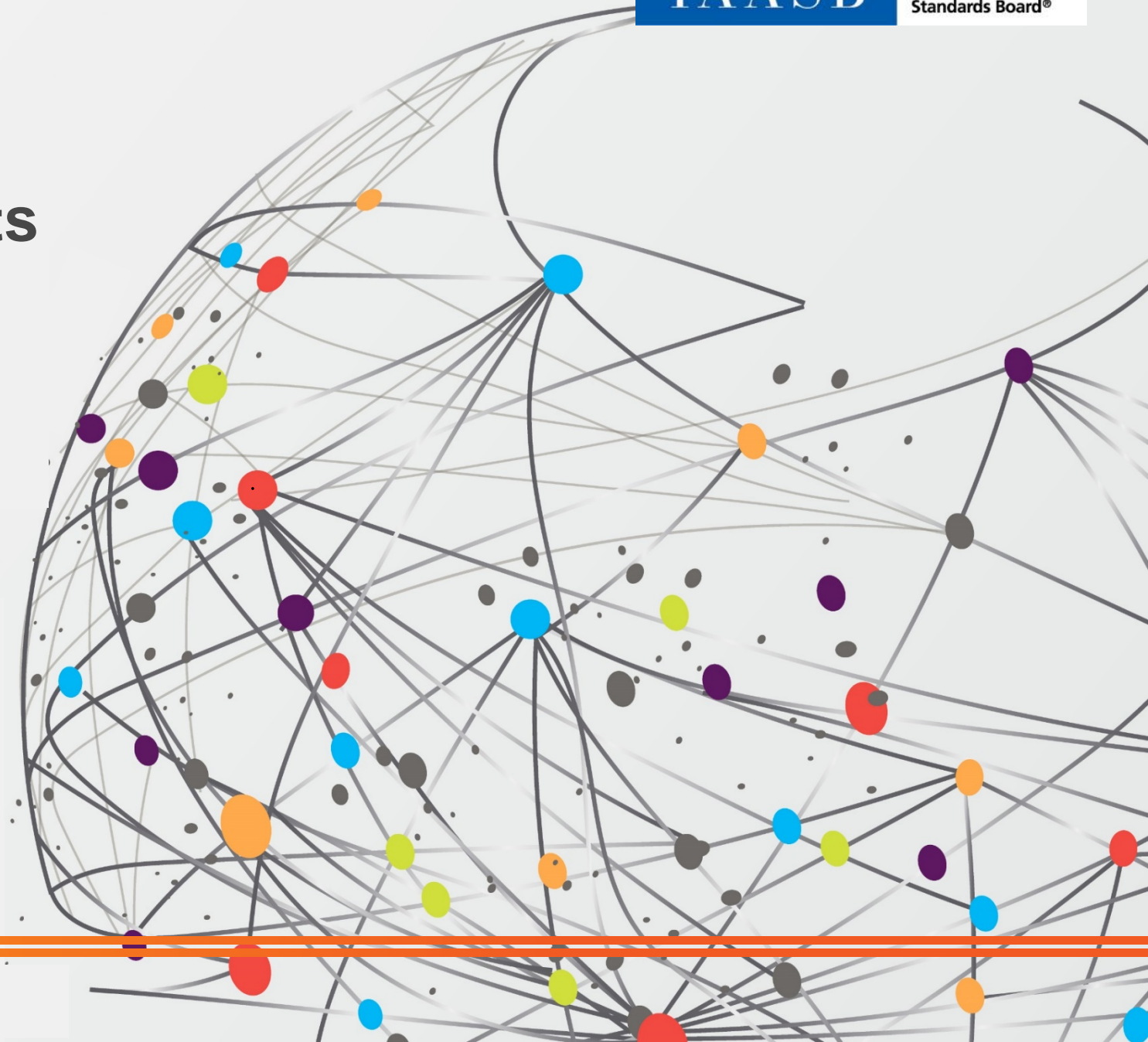


# ISA 600, Group Audits

Agenda Item 4

IAASB June 2021 Meeting

Len Jui, ISA 600 Task Force Chair



# Outreach, Coordination Activities



## Outreach

- IOSCO Committee 1
- IFIAR Standards Coordination Working Group
- PIOB
- IFAC's Small and Medium Practices Committee
- PCAOB Staff

## IESBA Engagement Team – Group Audits Independence Task Force

## Liaison with IAASB Task Forces and Working Groups

- Less Complex Entities
- Complexity, Understandability, Scalability and Proportionality
- Professional Skepticism
- Technology

# June 2021 Discussion

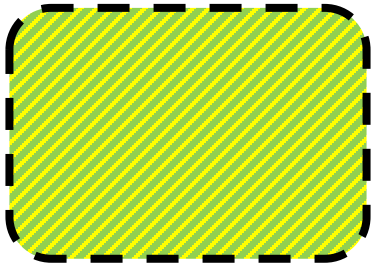


Goal: (i) Input on proposed revisions to the standard and (ii) analysis of respondents' comments



Nature of changes to standard: Respond to comments on ED-600 and Board input (no changes in key principles)

# Heat Map



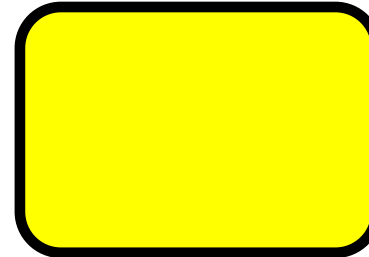
Q1 – Linkages and special considerations



Q2 – Sub-sections for involvement of CA



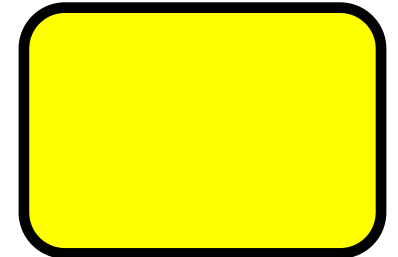
Q3 – Professional skepticism



Q4 – Scope and applicability



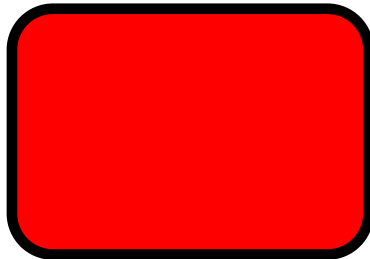
Q5 – Scalability



Q6 – Revised definition of component



Q7 – Acceptance and continuance



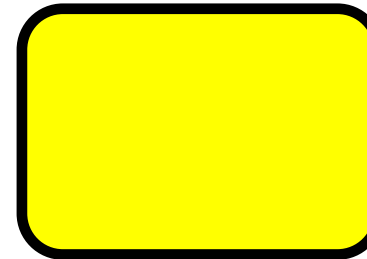
Q8 – Risk-based approach (RBA)



Q9 – Common controls and centralized activities



Q10 – Component performance materiality



Q11 – Documentation



Q12 – Other matters

**Green: Broadly agree with proposals**

**Yellow: Agree with proposals with some concerns**

**Red: More significant concerns identified**

# Introduction

Requirements	Application material
1–6	A1–A10

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

# Objectives and Definitions

Requirements	Application material
Objectives: 8 Definitions: 9–10	A11–A16B

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

# Leadership Responsibilities, Acceptance and Continuance

Requirements	Application material
Leadership responsibilities: 12	A19–A20
Acceptance and continuance: 13–17	A21–A33

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

# Overall Group Audit Strategy and Group Audit Plan

Requirement	Application material
17A	A33A–A33I

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.



# Overall Group Audit Strategy and Group Audit Plan – Considerations when Component Auditors Are Involved

Requirements	Application material
18–23A	A34–A52J

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

# Understanding the Group

Requirements	Application material
24–26A	A53–A72A

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

# Identifying and Assessing the RoMM

Requirements	Application material
26B–26C	A72B–A72I

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

# Materiality

Requirements	Application material
29–30	A73–A77B

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

# Responding to RoMM

Requirements	Application material
33–40	A86–A102

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

# Communications

Requirements	Application material
44–46	A111A–A113

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

## Subsequent Events, Stand-Back, Auditor's Report, Communications with Group Management and TCWG

Requirements	Application material
Subsequent events: 47–48	A114
Stand-back: 49–51	A114A–A116
Auditor's report: 52	A117–A118
Communications with group management and TCWG: 53A–56A	A119A–A123A

### Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

# Documentation

- Task Force spent significant time addressing comments from the Board and other stakeholders
- Key themes identified included
  - The level of detail expected to support the group auditor's review of CA documentation
  - The extent to which CA documentation should be included in the group auditor's audit file
  - The basis for the group auditor's evaluation about whether sufficient appropriate audit evidence has been obtained
  - Documentation of the communications between the group auditor and CAs
- Several enhancements made to the requirements and AM
- Appendix 3 provides a summary of the matters suggested by respondents to ED-600 and the Task Force's discussion and views



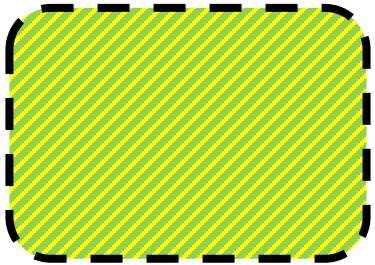
# Documentation

Requirement	Application material
57	A123B–A130A

## Matter for IAASB Consideration

The IAASB is asked for its views on the Task Force's revisions to proposed ISA 600 (Revised) as presented in **Agenda Item 4-C** related to the paragraphs noted above.

# Heat Map



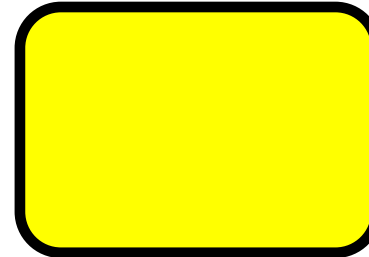
Q1 – Linkages and special considerations



Q2 – Sub-sections for involvement of CA



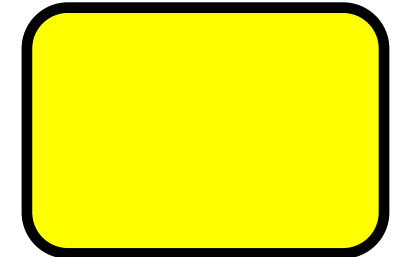
Q3 – Professional skepticism



Q4 – Scope and applicability



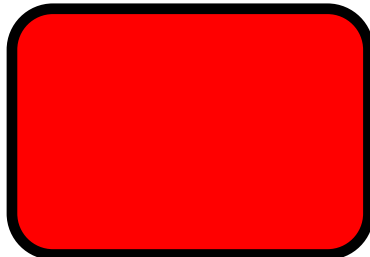
Q5 – Scalability



Q6 – Revised definition of component



Q7 – Acceptance and continuance



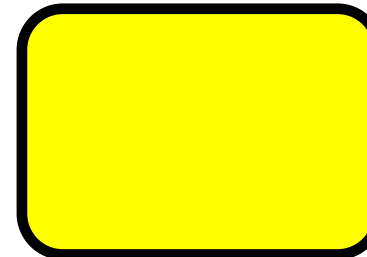
Q8 – Risk-based approach (RBA)



Q9 – Common controls and centralized activities



Q10 – Component performance materiality



Q11 – Documentation



Q12 – Other matters

**Green: Broadly agree with proposals**

**Yellow: Agree with proposals with some concerns**

**Red: More significant concerns identified**

# Using Audit Evidence from an Audit Performed for Another Purpose

- Task Force is proposing the following way forward
  - Proposed ISA 600 (Revised) should continue to focus on the group audit only
  - Delete paragraph 42 given that it is creating significant confusion
  - Include application material to acknowledge that, in some circumstances, the audit procedures performed by a component auditor for an audit of the component for statutory or other reasons may also be appropriate for purposes of the group audit

## Matter for IAASB Consideration

The IAASB is asked for its views on the summary of respondents' comments (as presented in Section V of **Agenda Item 4-B**) and the proposed way forward on using audit evidence from an audit performed for another purpose (as set out in Section II-A of **Agenda Item 4**).

# Professional Skepticism

- To address respondents' comments, the Task Force
  - Included more examples of challenges to the exercise of PS in a group audit engagement
  - Emphasized the importance of two-way communication between the group auditor and component auditors in setting expectations
  - Explained that the exercise of PS by engagement team members may be evident from the group auditor's direction, supervision and review
  - Expanded paragraph 12 related to the GEP's responsibility for creating an environment for the engagement that emphasizes the expected behavior of engagement team members

## Matter for IAASB Consideration

The IAASB is asked for its views on the summary of respondents' comments (as presented in Section II of Agenda Item 4-B) and the proposed way forward on professional skepticism (as set out in Section II-B of **Agenda Item 4**).

# Summary of Respondents' Comments

## Matters for IAASB Consideration

The IAASB is asked for its views on

- The summary of respondents' comments to ED-600 and the Task Force's views and recommendations as presented in Agenda Item 4-B
  - Question 2 – Separate section for considerations when component auditors are involved
  - Question 5 – Scalability
  - Question 7 – Acceptance and continuance
  - Question 8 – Practical challenges in implementing the risk-based approach
  - Question 9 – Common controls and centralized activities
  - Question 12 – Other matters
- Whether there are any issues raised by respondents, in addition to those summarized by the Task Force in **Agenda Item 4-B**, that the Task Force should consider



**International Auditing  
and Assurance  
Standards Board®**



[@IAASB\\_News](https://twitter.com/IAASB_News)



[@International Auditing and  
Assurance Standards Board](https://www.linkedin.com/company/@InternationalAuditingandAssuranceStandardsBoard)



[@International Auditing &  
Assurance Standards Board](https://www.youtube.com/channel/UC...)

[www.iaasb.org](http://www.iaasb.org)

IAPN™

ISA.

ISAE.

ISQC™

ISRE™

ISRS.