

### **Request for Comment 1**

*With respect to the linkages to other AU-C sections*

- a. Does the proposed SAS have appropriate linkages to other AU-C sections and to the proposed SQMSs?*
- b. Does the proposed SAS sufficiently address the special considerations in a group audit as they relate to applying the requirements and application material in other relevant AU-C sections, including the proposed QM SAS? Are there other special considerations for a group audit that you believe have not been addressed in the proposed SAS?*
- c. Does the proposed SAS result in a group audit that achieves the objectives of the proposed QM SAS?*

The Committee believes the proposed SAS provides the appropriate linkages to other AU-C sections and to the proposed SQMSs. The proposed SAS sufficiently address the special considerations in a group audit. The proposed SAS results in a group audit that achieves the objectives of the proposed QM SAS.

### **Request for Comment 2**

*With respect to the structure of the proposed SAS, do you support the placement of sub-sections throughout the proposed SAS that highlight the requirements when component auditors are involved or when reference is made to the audit of a referred-to auditor in the auditor's report on the group financial statements?*

The Committee supports the placement of the sub-sections throughout the proposed SAS as this benefits auditors of group audits.

### **Request for Comment 3**

*Is the scope and applicability of the proposed SAS clear? In that regard, is the definition of group financial statements, including the linkage to a consolidation process, clear?*

The Committee believes the scope and applicability of the proposed SAS lacks clarity when detailing business units that comprise the group financial statements. We believe the proposed standard would benefit from additional clarity on what constitutes a business unit.

### **Request for Comment 4**

*With respect to the scalability of the proposed SAS*

- a. Do you believe the proposed SAS is scalable to groups of different sizes and complexities, recognizing that group financial statements, as defined in the proposed SAS, include the financial information of more than one entity or business unit? If not, what suggestions do you have for improving the scalability of the proposed SAS?*
- b. Do you believe that the guidance in exhibit A, "Relevancy of Requirements in Various Group Audit Scenarios," of the proposed SAS is understandable and provides clarity on the relevancy of certain*

*requirements of the proposed SAS in various group audit scenarios? Would the relevancy of certain requirements of the proposed SAS in various group audit scenarios be clear without exhibit A?*

The Committee believes the scalability of the proposed SAS is dependent upon clarification of the definition of a business unit as mentioned in comment 3. Exhibit A is helpful and should remain within the proposed SAS.

#### **Request for Comment 5**

*Do you support the enhanced requirements and application material on documentation, including the linkage to the requirements of AU-C section 230? In particular*

*a. Are there specific matters that you believe should be documented other than those described in paragraph 76 of the proposed SAS?*

*b. Do you agree with the application material in paragraphs A203-A219 of the proposed SAS relating to the group auditor's audit documentation?*

The Committee supports the enhanced requirements and application material on documentation.

#### **Request for Comment 6**

*Are the definitions of the terms referred-to auditor, component auditor, and group auditor clear, including as they relate to the definition of the term engagement team in the proposed QM SAS?*

The Committee believes the definitions of the terms "component auditor" and "group engagement partner" as they relate to the definition of "engagement team" are clear.

#### **Request for Comment 7**

*Is the requirement in paragraph 11 clear? Are there additional requirements or application material relating to paragraph 11 that are needed, and if so, what should they be?*

The Committee believes the requirement in paragraph is clear and that there are no additional requirements or application material relating to paragraph 11 that are needed at this time.

#### **Request for Comment 8**

*Do you agree with the deletion of this requirement and the related application paragraph? Do you have other suggestions for considering components in interim reviews now that the concept of "significant components" has been eliminated?*

The Committee agrees with the deletion of the requirement and related application paragraph. We do not have any other suggestions for considering components in interim reviews at this time.

#### **Request for Comment 9**

*Do you agree with the application material in paragraphs A47-A49 of the proposed SAS relating to a noncontrolling interest in an entity that is accounted for by the equity method? Are there additional*

*requirements or application material relating to EMIs that are needed in the proposed SAS, and if so, what should they be?*

The Committee agrees with the application material in paragraphs A47-A49 of the proposed SAS relating to a noncontrolling interest in an entity accounted for by the equity method.

#### **Request for Comment 10**

*Do you support retaining the option that exists in extant AU-C section 600 for the group engagement partner to make reference to the audit of a referred-to auditor (a component auditor per extant AU-C section 600) in the auditor's report on the group financial statements?*

The Committee supports retaining the opinion that exists in extant AU-C section 600 for the group engagement partner to make reference to the audit of a referred-to-auditor in the auditor's report on the group financial statements.

#### **Request for Comment 11**

*Are the specific requirements relating to referred-to auditors clear, appropriate, and easily identifiable within the proposed SAS, including when considering exhibit A?*

The specific requirements relating to referred-to auditors are clear, appropriate, and easily identifiable within the proposed SAS, including exhibit A.

#### **Request for Comment 12**

*Is the last sentence of paragraph A41 clear? Is there additional application material that is needed, and if so, what should it be?*

The Committee does not agree with the last sentence of paragraph A41. We believe the consideration presented in paragraph 51-66 provide assurance that the group engagement partner can conclude the sufficient appropriate audit evidence can be obtained.

Our members who audit governments utilize referred-to-auditors often and in some cases, up to 100% of an opinion unit. It is possible that a governmental entity to have a component that is not a governmental unit audited by a firm specialized in that industry and that it would be appropriate for this practice to continue.

We believe the Board should consider revising this sentence or eliminating it.

#### **Request for Comment 13**

*Does the proposed effective date provide sufficient time for preparers, auditors, and others to adopt the new standard and related conforming amendments, including sufficient time to support effective implementation of the proposed SAS?*

The Committee believes the proposed effective date provides sufficient time for all parties to adopt the new standard and the related conforming amendments.