



## Agenda Item 6

### Group Audits

#### Objective of Agenda Item 6

To update the Auditing Standards Board (ASB) on the progress of the International Auditing and Assurance Standards Board's (IAASB) project to revise International Standard on Auditing (ISA) 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*.

#### Background

In December 2015, the IAASB issued an invitation to comment entitled *Enhancing Audit Quality: A Focus on Professional Skepticism, Quality Control and Group Audits* (ITC). As a result of the comments received, the IAASB in December 2016 approved a project proposal to revise the following standards related to quality control and group audits:

- ISQC 1, *Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*,
- ISA 220 *Quality Control for an Audit of Financials*
- ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

The Group Audits Task Force has been developing a risk-based approach to group audits that will use risk assessment in determining the procedures the auditor needs to perform and the responses the auditor needs to make related to the risks of material misstatement of group financial statements. This includes determining the components at which procedures need to be performed to obtain audit evidence to support the opinion on the group financial statements. Accordingly, enhancements to ISA 600 would include greater alignment with the requirements in ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement*, and ISA 330 (Revised), *The Auditor's Responses to Assessed Risks*.

At the September 2019 IAASB meeting, the ISA 600 Task Force (task force) presented issues related to group audits and indicative drafting of ISA 600 to illustrate how the views of the task force would be reflected in ISA 600 (Revised). In October 2019, the task force met and made revisions to ISA 600 to reflect the IAASB's September 2019 comments and to identify any new

issues for discussion at the December 2019 IAASB meeting. The task force expects to have a full draft of the standard available at the December meeting.

Dora Burzenski, chair of the Group Audits Task Force, will provide the ASB with an update on the project including the issues discussed by the IAASB and the more significant changes that will be included in the December 2019 draft of ISA 600 (Revised).

The agenda materials for the September IAASB meeting are being provided to the ASB because those are the most current materials available. However, Ms. Burzenski does not plan to discuss the language in the indicative drafting because of the significant changes that have been made to that draft as a result of the October 2019 task force meeting, although high level comments are welcome.

### **Agenda Items Presented at the September 2019 IAASB Meeting:**

- [20190916-IAASB-Agenda Item 9 -Issues Paper-final \(167K\)](#)
- [20190916-IAASB-Agenda Item 9A-Discussion of Significant Changes to Requirements and AM-Final \(97K\)](#)
- [20190916-IAASB-Agenda Item 9B - ISA 600 Clean-final \(192K\)](#)
- [20190916-IAASB-Agenda Item 9C - ISA 600 Marked-final \(281K\)](#)