



Group Audits Task Force Update

Megan Zietsman, IAASB Deputy Chair and Co-Chair of the Group Audit Task Force and

Bob Dohrer, IAASB member and Co-Chair of the Group Audit Task Force

IAASB Meeting, New York

Agenda Item 7

June 22, 2017

IAASB

**International Auditing
and Assurance
Standards Board**

Members of the Task Force and Task Force Activities

- Members of the Group Audits Task Force (GATF)
 - Megan Zietsman, IAASB Deputy Chair and Task Force Co-Chair
 - Bob Dohrer, IAASB Member and Task Force Co-Chair
 - Len Jui, IAASB Member
 - Wolf Böhm, IAASB Technical Advisor
 - Josephine Jackson, IAASB Technical Advisor
- The GATF had two physical meetings:
 - January 2017 (London)
 - May 2017 (New York)

GATF Discussions

- Scoping of a group audit engagement (Top-Down Approach) – addressing the Board’s comments from its September 2016 meeting
- Acceptance and continuance of a group audit engagement (including access issues and a possible approach to equity method investments)
- Communications between the group engagement team and the component auditors, including communication of NOCLAR;
- Responsibilities of the component auditor
- The necessary work effort of the group engagement team in relation to the consolidation process, particularly regarding sub-consolidations
- Matters regarding networks, e.g., group audits involving component auditors when the component auditor is from within the group engagement team’s network versus when the component auditor is from outside the network

Interlinks with Other International Standards

- There is a strong linkage between ISA 600 and other International Standards, in particular ISQC 1, ISA 220, and ISA 315 (Revised).
- A basic issue may be addressed in one standard but the unique application of that standard in a group audit scenario needs to be addressed in ISA 600
- More detailed requirements will be included in other ISAs (for example, in ISA 220 or ISA 315 (Revised)), and the content in ISA 600 would be focused more on guidance on how to apply the requirements to group audits.

Examples of the overlap between other International Standards and ISA 600

1. Issues related to the **acceptance and continuance** of an engagement, (particularly situations when issues regarding access to information may occur), will be addressed in ISQC 1 and ISA 220. However, in a group audit situation, access to component management, component auditor or the documentation of the component auditor could be difficult or impossible. These should be addressed by ISA 600.
2. Issues related to **communication** between the firm and the engagement partner and the engagement team is addressed in ISQC 1 and ISA 220. Group engagement teams need to apply those standards, and also ISA 600, that would give guidance on how to communicate in specific situations, for example, with the component auditors.

Examples of the overlap between other International Standards and ISA 600 (cont.)

3. Consideration and use of network level activities by firms in relation to firm's systems of quality management would be established in ISQC 1, with further consideration at the engagement level being addressed in ISA 220. ISA 600 would then 'build' on those standards for the aspects that would be particular to group audit situations.
4. Issues related to identification and assessment of risks of material misstatement (including significant risks), consideration of internal control (including identifying and understanding controls relevant to the audit), and consideration of information technology and related risks (ISA 315 (Revised)).

Way Forward

- Update from the Steering Committee:
 - The nature of the public interest issues at hand has given rise to a need for the GATF to engage more directly with the Quality Control TF, ISA 220 TF, and ISA 315 (Revised) TF to help formulate the overarching requirements in those standards
 - The GATF continues to prioritize engaging directly with the QCTF, ISA 220 TF and ISA 315 (Revised) TF to provide appropriate input regarding the connection points between those projects and ISA 600
 - As the overlapping matters are addressed by the other task forces, the GATF will make progress on the enhancement of ISA 600
- Short project update publication

Matter for IAASB Consideration

1. The IAASB is asked for its views on the interrelationships and dependencies between ISA 600 and the projects to revise ISQC 1, ISA 220, and ISA 315 (Revised) as discussed above, and how the GATF should proceed.



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