

Supplement A.4 to Agenda Item 5

ED – 600 Questions 11(b) – Do you agree with the application material in paragraphs A129 and A130 of ED-600 when access to component auditor documentation is restricted?

Question 11.

Do you support the enhanced requirements and application material on documentation, including the linkage to the requirements of ISA 230?

In particular:

- (a) Are there specific matters that you believe should be documented other than those described in paragraph 57 of ED-600?
- (b) Do you agree with the application material in paragraphs A129 and A130 of ED-600 relating to the group engagement team’s audit documentation when access to component auditor documentation is restricted?**

Note: for the purposes of the NVivo analysis, responses on this question were separated between the first part of the question and the second part.

Q11(b) – Agree

1. Monitoring Group

BCBS

We agree with the application material in paragraph A129 and A130 and appreciate the IAASB’s efforts to address the challenges that could arise in an audit of group financial statements when restrictions to access of the components’ documentation arise. We commend the IAASB for emphasising that the group engagement team is still required to obtain sufficient appropriate audit evidence regardless of such restrictions.

IAIS

The IAIS supports the enhanced requirements for documentation and appreciates the IAASB’s efforts to address the challenges that could arise in an audit of group financial statements (eg access restrictions to the components auditor’s documentation).

3. Regulators and Audit Oversight Authorities

IRBA

We agree with the application material in paragraphs A129 and A130 of ED-600 relating to the group engagement team’s audit documentation, when access to component auditor documentation is restricted.

4. National Auditing Standard Setters

AUASB

The AUASB is supportive of the application material in paragraphs A129 and A130.

CAASB

We support the guidance in paragraphs A129 and A130. These paragraphs provide important guidance of how the GET can address some common access constraints.

CNCC-CSOEC

Yes, we support the enhanced requirements and application material on documentation and have no specific comment to report.

HKICPA

We consider the application material in A129 and A130 useful in the context of the group engagement team's audit documentation when access to component auditor documentation is restricted.

JICPA

We agree with the proposal.

KSW

We agree with the application material presented.

MIA

The AASB supports the enhanced requirements and application material on documentation. The guidance relating to the GET's audit documentation when access to component auditor documentation is restricted is helpful.

NBA

We agree.

NZAuASB

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

5. Accounting Firms

CG

We agree with this application material.

CR

At this time, we do not object to the proposed application material in paragraphs A129 and A130 of ED-600 relating to the group engagement team's audit documentation when access to component auditor documentation is restricted.

DTT

DTTL agrees with the application material as drafted.; Further, DTTL believes that the reference to ISA 230, Audit Documentation is appropriate in terms of providing the requisite guidance as to what to include in the group engagement team's working papers.

ETY

Yes, we do, that is consistent with the other ISAs

MNP

Yes, we agree with the application material in paragraphs A129 and A130 of ED-600 relating to the group engagement team's audit documentation when access to component auditor documentation is restricted.

PKF

We agree with the application material in paragraphs A129 and A130 of ED-600 relating to the group engagement team's audit documentation when access to component auditor documentation is restricted.

RSM

Yes, we support the application paragraphs A129 and A130. We agree that local restrictions on transferring audit working papers outside of the component auditor's jurisdiction do not reduce the requirement to comply with ISA 230.

6. Public Sector Organizations

AGA

Yes I agree with application material in paragraphs A129 and A130.

AGC

We agree with paragraph A129 and A130 which mentions that the group engagement team is nonetheless required to obtain sufficient appropriate audit evidence when audit documentation access to the component auditor's documentation is restricted.

AGM

Yes.

PAS

(b) Yes, we agree with the application material in paragraphs A129 and A130 of ED-600.

7. Member Bodies and Other Professional Organizations

AE

Yes. We agree that the group engagement team shall use professional judgment in determining relevant parts of the component auditor documentation to be included in the group engagement team's audit file.

CAANZ-ACCA

Yes, we agree with the application of these paragraphs.

CPAI

Yes, we support the enhanced requirements and application material.

ECA

Yes

FAR

In general, FAR supports the response submitted by the Nordic Federation of Public Accountants and FAR therefore refers to this response.

ICAEW

We support the enhanced requirements and application material on documentation and anticipate that they will help to address some concerns from regulators over the extent and quality of audit documentation in recent years. We agree that the extent of component auditor documentation on the group engagement team's file is a matter of judgement for the group engagement team, albeit the use of automated audit tools, and the extent to which they enable component auditor's work to be on the group file is also likely to have an impact.

ICAS

(b) We are supportive of this application material and welcome the highlighting of the importance of the auditor exercising professional judgement in this regard.

IIA

Yes, keeping in mind comments above regarding scope limitations.

IMCP

YES, please refer to answer to question 7

INCP

Yes, the group auditor must obtain sufficient evidence in order to form an opinion on the financial by overcoming information restrictions, applying new strategies to make a sufficient review, and being objective to give an opinion.

IPA

Except for the documentation relating to the communication between the group engagement team and component auditors as noted Question 8, we support the requirements and application material on documentation.

MICPA

We support the enhanced requirements and application material on documentation.

NRF

Yes, we agree that the GET shall use professional judgment in determining relevant parts of the component auditor documentation to be included in the GET's audit file.

SAICA

SAICA agrees with the application material in paragraphs A129 and A130 of ED-600.

TFAC

Yes, we agree

WPK

Yes, we agree with the application material in paragraphs A129 and A130 of ED-600.

8. Academics

HUNTER

The application material in Paragraphs A129 and A130 of ED-600 relating to the group engagement team's audit documentation considerations when access to component auditor documentation is restricted is clear and concise, providing an overview of different steps the group auditor can take in order to get comfortable with the work performed by the component auditor.

9. Individuals and Others

VERA

Yes.

11(b) – Agree with comments

1. Monitoring Group

IFIAR

Documentation requirements

The requirements of paragraphs 57, and the related application material in A 126 to A 130 of ED-600, include clear linkages to ISA 230. These demonstrate what is expected by the GET. However, we recommend including additional requirements with the appropriate application material related to the level of detail expected to support the GET's review of the CA working papers. The GET should be required to demonstrate the extent of oversight, and how the GET reached its conclusions regarding the sufficiency and appropriateness of the nature and extent of procedures performed by CAs.

IOSCO

Separately, paragraph 57 states that:

“In applying ISA 230, the group engagement team shall include in the audit documentation: (Ref: Para. A124, A129–A130)

Significant matters related to restrictions on access to people or information that were considered before deciding to accept or continue the engagement, or that arose subsequent to acceptance or continuance, and how such matters were addressed.”

While we appreciate the inclusion of a requirement to document significant matters related to restrictions on access to people or information, we believe the requirements and the related Application Material

(paragraphs A124, A129–A130) are lacking in sufficient specificity to direct the auditor’s work effort. We encourage the Board to include additional details on what is required. For example, the auditor should be encouraged to request the assistance of the group’s and/or component’s audit committee, where applicable, to obtain the necessary access and/or documentation. Further, where appropriate access is not possible or access issues are outside the control of the auditor, we encourage the Board to emphasize in the Paper the group auditor’s responsibility to evaluate whether sufficient appropriate audit evidence could be obtained through alternative audit procedures or if the audit opinion may need to be modified because of a limitation of scope to minimize the likelihood of an unnecessary delay in finalizing the audit report.

3. Regulators and Audit Oversight Authorities

CEAOB

We further invite the IAASB to elaborate in the documentation section on cross border issues and the delineation between the component auditor’s files and group auditor’s files. In this regard, including specific provisions regarding the documentation when component auditors are involved could be helpful.

CPAB

Documentation requirements

The requirements of paragraph 57 and the related application material in A 126 to A 130 of ED-600 include clear linkages to ISA 230. These demonstrate the requirement of what is expected by the group engagement team. However, we recommend including additional application guidance related to the level of detail expected to support the group engagement team review of the component auditor working papers. The group engagement team should be required to demonstrate the extent of oversight, and how the group engagement team reached their conclusions regarding the sufficiency and appropriateness of the nature and extent of procedures performed by the component auditors.

IAASA

We further invite the IAASB to elaborate, in the documentation section, on cross border issues and the delineation between the component auditor’s and group auditor’s files. In this regard, including specific provisions regarding the documentation required when component auditors are involved could be helpful.

NASBA

In circumstances where the group engagement team’s access to component auditor documentation is restricted as described in paragraph A-129 of ED-600 and the matter is significant, NASBA suggests the IAASB consider expanding the application material in A130 to emphasize a review of the component auditor documentation by the group engagement team is necessary. Further consideration should be given to reminding the group engagement team to document information sufficient to allow an experienced auditor to understand the nature, timing and extent of the work performed by the component auditor.

5. Accounting Firms

BDO

We agree with the clarification of the requirements around documentation in a group audit, including when access to component auditor documentation is restricted. However, we would also welcome additional guidance on the extent of expected documentation in terms of audit evidence obtained by component

auditors in the group engagement audit documentation. This would be particularly useful when there are no restrictions on access to component auditor documentation; if ISA 230 is relevant on group audits, interpretations are needed about how much of the component auditor documentation to include in the group audit file as there seems to be a different expectation than on a single entity audit. Particularly if component auditors are part of the engagement team, the expectation could be that all component auditor documentation should be in the group audit file. This is clearly not practical and ED-600 specifically states in paragraph A124 that such documentation may reside in the component auditor's file and need not be replicated in the group audit file. The extent to which component auditor documentation is included in the group audit file is a matter of professional judgment but guidance would be helpful on factors to consider in making this professional judgment. We would support this additional guidance being presented outside of the ISA by way of implementation support materials.

BT

Yes. It would be helpful to clarify that these paragraphs apply in circumstances where there is a restriction in place whether or not the component auditor is from the same network as the group auditor.

EYG

Yes, but further guidance would be useful.

ED-600 paragraph A130 states that "The group engagement team uses professional judgment in determining the nature and extent of such documentation to include in the group engagement team's audit file". Similarly paragraph A124 states that "...the group engagement team may determine that it is appropriate to include certain of the component auditor's documentation in the group engagement team's audit file..." and that whether to include selected workpapers in the group engagement team's audit file is a matter of professional judgment. This is an area in which regulators are increasingly challenging auditors and which is subject to varying interpretations; it would therefore be helpful if the IAASB could provide further direction on this matter.

Paragraph A124 includes significant matters addressed by the component auditor as an example of documentation that may be determined to be kept in the group engagement team's audit file. While this is an example, significant matters cannot become the baseline of what is expected to be kept in the group engagement team's documentation. Assuming cross-border transfer of workpapers is permitted by laws and regulations, transferring all workpapers related to significant matters is not operable or practical, particularly in larger groups. It would be more helpful if the IAASB would add factors to consider by the group engagement team in determining whether any component auditor documentation should be included in the group audit file, such as the more complex areas that are reviewed by the group engagement team that would require more effort to document in a review memorandum, or because documenting the group engagement team's review would simply repeat what has already been documented in the component auditor's workpaper. Additional factors to consider could also be:

Related to the engagement risk profile based on acceptance and continuance conclusions

Related to concerns over the competency and capabilities of the component team performing the work for a higher risk area of the group audit

Responses to specific risks of material misstatement due to fraud

GT

We agree with the application material in paragraphs A129 and A130 of ED-600 that allow the group engagement team to include in the group engagement documentation a description of the audit procedures performed by the component auditor on matters relevant to the group, the evidence obtained from performing those procedures and the findings and conclusions reached by the component auditor with respect to those matters. We recommend that this guidance be extended as an option to group engagement teams in all instances where a component auditor is used in support of the group opinion. This may prevent any unintended legal consequences of including a component auditor's working papers in the group engagement team's audit documentation.

We also recommend that further guidance is considered in relation to jurisdictions that are restricted from providing documentation outside of their respective jurisdictions and, as currently may be the case, travel to that jurisdiction by the group engagement team is prohibited.

KPMG

We welcome the inclusion of the guidance at A129-A130, to address circumstances when laws and regulations in the component auditor's jurisdiction may limit the ability of the group engagement team to access the component auditor documentation or restrict the component auditor from providing documentation outside its jurisdiction. In particular, we consider it helpful that the guidance notes that the "group engagement team's audit documentation may need to include a description of the audit procedures performed by the component auditor on matters relevant to the group audit, the evidence obtained... and the findings and conclusions reached". The guidance acknowledges that the group engagement team exercises professional judgement in determining the nature and extent of such documentation to include in the group engagement team's audit file, in view of the requirements of ISA 230.

However, we note that this lacks clarity as to whether, for example, a memorandum from the component auditor providing more summarised details of the work performed and related findings would be appropriate, or whether the detailed testwork itself would need to be described.

The benchmark we apply in determining the nature and extent of documentation is "to enable an experienced auditor, having no previous connection with the audit, to understand the audit procedures performed, the evidence obtained, and the conclusions reached with respect to significant matters arising during the (group) audit" [ISA 230.8-9]. However, there is a lack of further guidance in terms of the granularity that would be required for this "understanding", which is compounded by the lack of clarity as to what would be sufficient in terms of documentation that should reside on the group engagement team's file regarding work performed by the component auditor.

As a result of the above, there appears to be a suggestion of a preference for group audit documentation to include relevant parts of the actual component auditor documentation, with preparation of more summarised material being an acceptable but less desirable alternative. We suggest that further clarity be provided as to what constitutes group audit documentation and where this should reside.

MAZ

We believe that it would be helpful to better explain the different means of "access" in the today's world with evolving technologies and more remote work. For example, is observation through a screen share a valid procedure?

MAZUSA

Response; While paragraphs A129 and A130 are clear, we believe that it may be helpful to reference evolving technologies and remote access.

MGN

We support the enhanced requirements and application material on documentation. We agree that the extent of component auditor documentation on the group engagement file is a matter of judgement for the group engagement team, however we note that there may be practical issues arising from the use of automated audit tools which may not necessarily be compatible. We would therefore welcome additional practical guidance in this area including guidance directed at component auditors regarding the provision of access and information as requested. In particular it would be helpful if additional practical guidance was provided relating to what is acceptable in those circumstances where audit tools are incompatible. Absent such guidance inconsistency between jurisdictions will persist. This could be a disincentive to the use of component auditors (even when that would be appropriate) or to the use of component auditors from outside the group auditor's network.

NEXIA

Yes. We support these, however we also refer to our answer in question 7 above.

Yes, we support these.

United Kingdom 1

There is no specific requirement regarding the level of documentation regarding the component / component auditor to be included on a group engagement file.

Recommendation: more detail / linkage to be provided for requirement as per ISQM 1 par 37(f) in respect of assembly of documentation. This is specifically for where documentation for consolidated amounts are retained in engagement files of components.

SOUTH AFRICA

United states 1

Other matters that guidance should be provided on documentation include:

ISA 600 does not specifically address cross border audit arrangement when there are no components but the books and records of the entity are kept and audited by another auditor oversea and audit report is signed by a local public accountant (ie cross border performing office and signing office arrangement)

ISA 600 should provide specific guidance on the use of technology and documentation standards for review of component auditors' work papers via virtual and technological software.

ISA 600 should provide guidance on the extent of documentation required by the Group Auditors when the components apply data analytics in their audit

Are there any difference in the responsibilities of the group auditors when there is joint audit sign off by the Group Auditors.

Agree. The application falls back on ISA 230 Documentation since it indicates that "The group engagement team uses professional judgment in determining the nature and extent of such documentation to include in the group engagement team's audit file, in view of the requirements of ISA 230."

At this time, we do not object to the proposed application material in paragraphs A129 and A130 of ED-600 relating to the group engagement team's audit documentation when access to component auditor documentation is restricted.

United States 2

SINGAPORE

PwC

As a result of the revised Quality Management standards the conforming amendment to ISA 300 to require a description of the planned direction, supervision and review of the engagement team (including component auditors) to be documented may result in extensive additional documentation as part of the overall planning of the group audit, especially for larger groups involving many components. Depending on the extent of changes made to the engagement team and the initial audit plan, this could also result in an ongoing burden throughout the entire engagement. While existing ISA 300 paragraph 11 required the auditor to plan the direction, supervision and review of the engagement team, which would have resulted in a level of documentation, we believe the focus on a description creates expectations that may be onerous.

As this change has been approved as a conforming amendment resulting from ISA 220, and not directly exposed for comment, we recommend ISA 600 needs to address expectations for the nature and extent of documentation the Board envisages in meeting this requirement in the context of a group audit. This seemingly open-ended requirement could range from a simple sign-off requirement in relation to the engagement's planned procedures and work allocation, to a more significant exercise where rationale for specific procedures, assigned individuals and reviewers is recorded. We believe that the nature and extent of documentation requirements such as these are likely best addressed at the firm level within a firm's policies and procedures. For example, the use of technology such as documentation software could permit the former approach (a sign-off requirement) to be built into a required workflow automatically, with little manual documentation needed. Application material could address such considerations.

With respect to paragraph 57(d), extant ISA 600 requires that the group engagement team document their direction, supervision and review of significant components. The new proposed requirement would apply in respect of every component within the group at which audit work is performed, which may give rise to a significant increase in documentation that is not commensurate with assessed risk. While the standard indicates that the nature and extent of documentation would be expected to scale in line with the level of assessed risk and other factors, we suggest further clarification be given in the application material that a firm's policies and procedures may address the nature and extent of documentation of direction, supervision and review relative to the scope of work and risk of the component..

6. Public Sector Organizations

AGO

Yes. However, it should be emphasized that this guidance does not relieve the component auditor of their professional obligation to provide timely and complete information, including access to audit documentation. See our introductory comments.

AGSA

It will be a challenge for the group engagement team to include a description of the audit procedures performed by the component auditor on matters relevant to the group audit, the evidence obtained from

performing the procedures, and the findings and conclusions reached by the component auditor with respect to those matters that the group engagement team determined to be relevant to be included in the group engagement team's audit file when restricted from accessing the component auditor's audit file. More guidance should be provided on how this should be done. The guidance in this area will be assist the auditors in understanding the type of documentation that is expected from them.

GAO

We agree that the information in paragraphs A129 and A130 is helpful application material. We would recommend moving the first sentence in A130 to A129, as the information in the rest of A130 is a different scenario and should stand on its own.

7. Member Bodies and Other Professional Organizations

BICA

We agree with the application material in paragraphs A129 and A130 of ED-600 relating to the group engagement team's audit documentation when access to component auditor documentation is restricted. However, more consideration should be given to ensuring that the group engagement team document information sufficient to allow an experienced auditor to understand the nature, timing and extent of the work performed by the component auditor.

CPAA

(b) We consider that paragraphs A129 and A130 sufficiently address documentation issues in situations where access to component auditor documentation is restricted. We also note that paragraph A128 mentions firms' audit tools that could be used to facilitate communications between the group engagement team and component auditors, as well as for audit documentation purposes. As remote audits are likely to become an increasingly integral part of a group audit, we believe that the use of audit tools for audit documentation purposes and the sharing of audit documentation between the component auditors and the group engagement team will be important, particularly when access to component auditor documentation is restricted (see also our responses to question 7). We recommend that the IAASB considers expanding the application material in paragraph A128 to emphasise that when audit (technological) tools are used, the auditor needs to ensure that such tools sufficiently document information to allow an experienced auditor to understand the nature, timing and extent of the work performed by the component auditor using such audit tools.

EFAA

We agree in general with the application material.

However, the application material seems to suggest that the GET is required to include component auditor's documentation in the documentation of the GET when there are access difficulties across borders. This would mean that members of the engagement team may need to visit the premises of the component auditor. We believe they should only be required to document the nature, timing, and extent of their review of the work of the component auditor and not the details of the procedures performed.

IBRACON

Considering the fact that component auditors are part of the engagement team, the expectation could be that all component auditor documentation should be in the group audit file, which is not practical. So,

clarifying the exercise of professional judgment in evaluating factors to consider the appropriate level of documentation would be appreciated.

ICPAS

Response: In addressing both 11. (a) and (b), we would like to see more information on the extent of documentation required in connection with the review of component auditor workpapers, specifically when the component auditors are from different firms than the group auditor. We would also like to see addressed documentation considerations when component audits are conducted in a different language than the group audit.

ISCA

We welcome the enhancements to the documentation requirements to emphasise the linkage to ISA 230 Audit Documentation.

Paragraph A124 states that audit documentation may reside in the component auditor's file and need not be replicated in the GET's audit file. However, the paragraph further notes that the GET may determine that it is appropriate to include certain of the component auditor's documentation in the GET's audit file, the extent to which is determined by the GET.

For consistency in practice, we recommend providing factors to consider in determining whether and what part of the component auditor's documentation should be included in the GET's audit file in the application material. Otherwise, it would be helpful to clarify whether the "original" component auditor documentation (source working papers), or documentation that is similarly detailed, should generally be included in the GET's file, with evidence that the GET has reviewed such documentation, or a more summarised form of component auditors' documentation, which primarily focuses on actions taken by the GET to understand significant risks and audit procedures performed in response to those risks, would be sufficient.

We welcome the inclusion of guidance under paragraphs A129 and A130 to address circumstances when laws and regulations in the component auditors' jurisdictions may limit the ability of the group engagement team to access the component auditor's documentation.

We consider it helpful that the application material includes guidance that the GET's audit documentation may need to include a description of the audit procedures performed by the component auditor on matters relevant to the group audit, the evidence obtained and the findings and conclusions reached. Similar to our point above, it would be helpful to clarify whether a memorandum from the component auditor providing summarised details of the work performed and related findings would be appropriate, or whether the detailed test work itself would need to be included.

To this end, we suggest that further clarity could be provided as to what constitutes group audit documentation and where this should reside.

To provide practical guidance, we are of the view that the application material can be further expanded to provide illustrative examples over the following areas:

Examples of what would clearly constitute insufficient documentation.

Example of supplementation documentation where it is not apparent from the reporting deliverables that significant risks of misstatements have been addressed.

Example of documenting communication with component auditor to be retained as audit evidence.

Example of documenting GET's assessment of the component auditor's work

We would like to share an audit practice bulletin issued by our regulator in December 2015 – Audit Practice Bulletin No. 1 of 2015: Audits of Group Financial Statements (including the work of component auditors) which includes illustrative examples on GET's audit documentation for the IAASB's reference.

KICPA

We support the application material relating to the group engagement team's audit documentation, when access to component auditor documentation is restricted.

However, we suggest the following improvements: ① more clarity should be made as to - in such a case, whether it would be okay to make a conclusion that audit evidence is sufficiently obtained on the works performed by component auditors, or in such a case the group engagement team has to perform additional works on the relevant components; and ② more clarified guide should be provided on the memorandum describing the works performed by component auditors.

NYSSCPA

We believe that providing some documentation alternatives, such as providing a summary or a dialog of meetings or analysis of files that were read but were unable to be copied, would be useful to provide a defense in the event of a problem surfacing after the fact. Restrictions are not unusual, but client-imposed restrictions can be problematic. We believe the final standard should recommend consideration of a legal consultation (not to be mandated except if by firm policy).

SMPAG

Some of the application material (e.g. A124) in relation to documentation suggests that the GET is required to include component auditor's documentation, in whole or in part, in the documentation of the GET when there are access difficulties across borders. This appears to be driven by audit regulators, who wish to be able to access all of the documentation of the group audit at the premises of the GET. When there are access difficulties, it means that members of the engagement team may need to visit the premises of the component auditor, but in our view, they should be required to document only the nature, timing and extent of their review of the work of the component auditor (which may involve a high-level summary of the work performed by the component auditor) – not the details of the procedures performed. If audit regulators want to seek access to greater detail beyond the documentation of the direction, supervision and review of the GET of the component auditor's work, then they should seek to visit the premises of the component auditor, and if necessary, liaise with local audit regulator.

11(b) – Disagree

3. Regulators and Audit Oversight Authorities

UKFRC

In general, we support the enhanced requirements and application material on documentation including the linkage to the requirements of ISA 230. However, there are areas where the standard, as drafted, is in need of further work. We recommend the following enhancements:

Application Material

The requirements of ISA 230 apply equally to group audits conducted under ED-600 as to single entity audits. Whilst we understand that meeting documentation requirements of ISA 230 in a group audit can be complex, we would not support the inclusion or addition of application material in ED-600 that could detract from or undermine the requirements in ISA 230. As a result, we disagree with some of the material in ED-600.A130. Where the GET is restricted from including relevant parts of the CA documentation in the GET audit file and access to the CA file is also restricted, the material in A130 implies that it is sufficient to simply describe what is in the CAs file. In particular, that the GET's audit documentation: 'may need to include a description of the audit procedures performed..., the evidence obtained..and the findings and conclusions reached'. This severely undermines the requirements in, and subsequent compliance with, ISA 230.

If access to the CAs file is restricted, then it is the responsibility of the GET to meet the requirements of ISA 230 and compile the relevant documentation in the group audit file. Whilst ED-600.A130 makes reference to the language in ISA 230.8, it is not sufficiently detailed and has been made concessional with the use of the auxiliary verb 'may'. Absent also are the references to the remaining requirements in ISA 230, including those in ISA 230.9 that are specific about what aspects of the nature, timing and extent of procedures performed are required to be documented.

We recognise that the form, content and extent of documentation is a matter of professional judgement. Nevertheless, the GET is required to comply with the requirements in ISA 230 to prepare audit documentation that can be understood by an experienced auditor, particularly as the audit documentation may be subject to review by external parties for regulatory or other purposes. We have included alternative wording for ED-600.A124 in Appendix 2.

4. National Auditing Standard Setters

IDW

As noted above in our response to Question 11 before 11 (a), we do not agree with the way the application material in paragraph A130 is linked to ISA 230 because the reference will likely be interpreted in an inappropriate way by audit regulators.

The last sentence of A130 states that the group engagement team uses professional judgment in determining the nature and extent of such documentation (as explained in the previous sentence, a description of the audit procedures performed by the component auditors on matters relevant to the group audit, the evidence obtained from performing the procedures, and the findings and conclusions reached by the component auditors with respect to those matters) to include in the group engagement team's audit file, in view of the requirements of ISA 230.

The words "in view of the requirements of ISA 230" would effectively lead to regulators taking the position that, due to paragraphs 9 to 13 in the requirements in ISA 230, but in particular paragraph 9, almost the entire audit documentation of the component auditor needs to be reproduced in the engagement team's audit file, including, among other matters, the identifying characteristics of the specific items or matters tested, who performed the audit work and the date such work was complete, and who reviewed the audit work and the date and extent of such review. We suspect that audit regulators are seeking this detailed level of documentation in the group engagement team's file to alleviate their issues with access to documentation in other jurisdictions, which is a matter that they need to resolve with their regulatory counterparts and is therefore not an issue for the IAASB to resolve.

This level of documentation in the group engagement team's audit file is inconsistent with the assertion in the definition of component auditor that component auditors are a part of the engagement team, because by

definition the documentation in the audit files of component auditors is therefore a part of the audit documentation of the group audit. Rather, the audit file of the group engagement team ought to reflect the work that the group engagement team actually performed in relation to the work of the component auditors – that is, it should reflect the direction and supervision, and the review of the work (including the review of documentation) undertaken by the group engagement team. To this effect, only a summary of the audit procedures performed by the component auditor significant to the group audit, the evidence obtained, as well as of the significant findings and conclusions reached by the component auditor may need to be included in the group engagement team’s audit file. We suggest that therefore the final sentence of paragraph A130 of the draft read “The group engagement team uses professional judgment in determining the nature and extent of such documentation to include in the group engagement team’s audit file by considering the importance of the matters documented by the component auditors to the group audit.”

Furthermore, we also believe that the reference in the second sentence in paragraph A130 of the draft to include “a description of the audit procedures performed by the component auditors on matters relevant to the group audit, the evidence obtained from performing the procedures, and the findings and conclusions reached by the component auditors with respect to those matters” may also lead to the misinterpretation by audit regulators that detailed descriptions of these matters are required in the group engagement team’s documentation. In consonance with our views in the previous paragraph above, we suggest changing the wording to read “... include a summary of the audit procedures performed by the component auditor on matters significant to the group audit and of the evidence obtained from performing the procedures, as well as the significant findings and conclusions reached by the component auditor with respect to those matters”.

7. Member Bodies and Other Professional Organizations

CaICPA

No we do not necessarily agree. As written, the inference is that the group auditor can always work around this problem by providing narratives regarding the unobtainable documentation. This may be sufficient and appropriate audit evidence in some circumstances, but not necessarily all circumstances. We would like to see consideration of the possibility of a scope limitation.

11(b) – No Comment

2. Investors and Analysts

CRUF

No Comment

3. Regulators and Audit Oversight Authorities

CSA

No Comment

MAOB

No Comment

4. National Auditing Standard Setters

AICPA

No comment

ICAI

No Comment

7. Member Bodies and Other Professional Organizations

CAQ

No Comment

SRO AAS

No Comment

8. Academics

AFAANZ

No comment

GRAHAM

No Comment

LI

No Comment

9. Individuals and Others

PITT

No Comment