

The table below compares the requirements in ED-600<sup>1</sup> (left column) with the requirements in the proposed ISA 600 (Revised) (right column) as presented in **Agenda Item 2-C**. The purpose of the table is explained in **Agenda Item 2**. When paragraphs were added in proposed ISA 600 (Revised) that were not included in ED-600, the corresponding ED-600 column will be empty. When paragraphs in ED-600 have been moved to a different location or incorporated into other paragraphs in proposed ISA 600 (Revised), comments have been provided to assist in navigation.

**Table of Comparison Between Requirements in ED-600 and Proposed ISA 600 (Revised)**

ED-600	Proposed ISA 600 (Revised)
<b>Introduction</b>	<b>Introduction</b>
<b>Scope of this ISA</b>	<b>Scope of this ISA</b>
<p>1. The International Standards on Auditing (ISAs) apply to an audit of group financial statements. This ISA deals with special considerations that apply to an audit of group financial statements, including in those circumstances when component auditors are involved. The requirements and guidance in this ISA refer to, or expand on, how other relevant ISAs are to be applied in relation to an audit of group financial statements (a group audit), in particular proposed ISA 220 (Revised),<sup>2</sup> ISA 315 (Revised 2019),<sup>3</sup> and ISA</p>	<p>1. The International Standards on Auditing (ISAs) apply to an audit of group financial statements (a group audit). This ISA deals with special considerations that apply to a group audit, including in those circumstances when component auditors are involved. The requirements and guidance in this ISA refer to, or expand on, the application of other relevant ISAs to a group audit, in particular ISA 220 (Revised),<sup>5</sup> ISA 230,<sup>6</sup> ISA 300,<sup>7</sup> ISA 315 (Revised 2019),<sup>8</sup> and ISA 330.<sup>9</sup> (Ref: Para. A1–A2)</p>

<sup>1</sup> Exposure Draft, [Proposed International Standard on Auditing \(ISA\) 600, Special Considerations—Audits of Group Financial Statements \(Including the Work of Component Auditors\)](#)

<sup>2</sup> Proposed ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*. All references to proposed ISA 220 (Revised) are to the version presented to the IAASB in March 2020.

<sup>3</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

<sup>5</sup> ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

<sup>6</sup> ISA 230, *Audit Documentation*

<sup>7</sup> ISA 300, *Planning an Audit of Financial Statements*

<sup>8</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

<sup>9</sup> ISA 330, *The Auditor's Responses to Assessed Risks*

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330. <sup>4</sup> (Ref: Para. A1–A2)	
<p>2. This ISA applies when the auditor has been engaged to audit group financial statements. Group financial statements, as defined, include the financial information of more than one entity or business unit. A key factor in determining whether financial statements are group financial statements is whether financial information is prepared through a consolidation process as described in paragraph 11.</p>	<p>2. Group financial statements include the financial information of more than one entity or business unit through a consolidation process, as described in paragraph 14(k). The term consolidation process as used in this ISA refers not only to the preparation of consolidated financial statements in accordance with the applicable financial reporting framework, but also to the presentation of combined financial statements, and to the aggregation of the financial information of entities or business units such as branches or divisions. (Ref: Para. A3–A5, A25)</p>
	<p>3. As explained in ISA 220 (Revised),<sup>10</sup> this ISA, adapted as necessary in the circumstances, may also be useful in an audit of financial statements other than a group audit when the engagement team includes individuals from another firm. For example, this ISA may be useful when involving such an individual to attend a physical inventory count, inspect property, plant and equipment, or perform audit procedures at a shared service center at a remote location.</p>
	<i>Groups and Components</i>
<p>3. A group may be organized in various ways. For example, a group may be structured or organized by geography, legal or other entities, business or economic units (including branches or divisions), or business activities, which are collectively referred to as “entities or business units” in this ISA. The group engagement</p>	<p>4. A group may be organized in various ways. For example, a group may be organized by legal or other entities (e.g., a parent and one or more subsidiaries, joint ventures, or investments accounted for by the equity method). Alternatively, the group may be organized by geography, by other economic units (including branches or</p>

<sup>4</sup> ISA 330, The Auditor’s Responses to Assessed Risks

<sup>10</sup> ISA 220 (Revised), paragraph A1

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<p>team may plan and perform an audit of group financial statements based on the entities or business units as viewed by group management. Alternatively, the group engagement team may determine that it is effective and more efficient to obtain audit evidence by planning and performing the group audit based on locations, functions or activities that are not necessarily aligned with how group management views the entities or business units comprising the group. This ISA uses the term “component” to refer to the manner in which the group engagement team views the group structure for purposes of planning and performing audit procedures for the group audit. (Ref: Para. A3–A6)</p>	<p>divisions), or by functions or business activities. In this ISA, these different forms of organization are collectively referred to as “entities or business units.” (Ref: Para. A6)</p> <p>[Also see paragraph 5 below]</p>
<p>[See paragraph 3 above]</p>	<p>5. The group auditor determines an appropriate approach to planning and performing audit procedures to respond to the assessed risks of material misstatement of the group financial statements. For this purpose, the group auditor uses professional judgment in determining the components at which audit work will be performed. This determination is based on the group auditor’s understanding of the group and its environment, and other factors such as the ability to perform audit procedures centrally, the presence of shared service centers, or the existence of common information systems and internal control across the group. (Ref: Para. A7–A9)</p>
	<p><i>Involvement of Component Auditors</i></p>
	<p>6. ISA 220 (Revised)<sup>11</sup> requires the engagement partner to determine that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner. In a group audit, such resources may</p>

<sup>11</sup> ISA 220 (Revised), paragraph 25

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	include component auditors. Therefore, this ISA requires the group auditor to determine the nature, timing and extent of involvement of component auditors.
<p>4. This ISA highlights the responsibility of the group engagement team to obtain sufficient appropriate audit evidence to provide a basis for forming an opinion on the group financial statements. This ISA also recognizes that component auditors can be, and often are, involved in all phases of the group audit, and in particular to assist the group engagement team in identifying, assessing and responding to the risks of material misstatement of the group financial statements. Accordingly, this ISA requires sufficient and appropriate involvement by the group engagement team in the work of component auditors and emphasizes the importance of two-way communication between the group engagement team and component auditors. In addition, this ISA explains the matters that the group engagement team takes into account when determining the nature, timing and extent of the direction and supervision of component auditors and the review of their work. (Ref: Para. A7–A8, Appendix 1)</p>	<p>7. The group auditor may involve component auditors to provide information, or to perform audit work, to fulfill the requirements of this ISA. Component auditors may have greater experience with, and a more in-depth knowledge of, the components and their environments (including local laws and regulations, business practices, language, and culture) than the group auditor. Accordingly, component auditors can be, and often are, involved in all phases of the group audit. (Ref: Para. A10)</p> <p>[Also see paragraph 8 below]</p>
<p>[See paragraph 4 above]</p>	<p>8. Audit risk is a function of the risks of material misstatement and detection risk.<sup>12</sup> Detection risk in a group audit includes the risk that a component auditor may not detect a misstatement in the financial information of a component that could cause a material misstatement of the group financial statements, and that the group auditor may not detect this misstatement. Accordingly, this ISA requires sufficient and appropriate involvement by the group engagement partner or group auditor, as applicable, in the work of</p>

<sup>12</sup> ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph A34

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	<p>component auditors and emphasizes the importance of two-way communication between the group auditor and component auditors. In addition, this ISA explains the matters that the group auditor takes into account when determining the nature, timing and extent of the direction and supervision of component auditors and the review of their work. (Ref: Para. A11–A12)</p>
	<p><i>Professional Skepticism</i></p>
<p>5. In accordance with ISA 200,<sup>13</sup> the engagement team is required to plan and perform the group audit with professional skepticism and to exercise professional judgment. The appropriate exercise of professional skepticism may be demonstrated through the actions and communications of the engagement team, including emphasizing the importance of each engagement team member exercising professional skepticism throughout the group audit engagement. Such actions and communications may include specific steps to mitigate impediments that may impair the appropriate exercise of professional skepticism. (Ref: Para. A9–A10)</p>	<p>9. In accordance with ISA 200,<sup>14</sup> the engagement team is required to plan and perform the group audit with professional skepticism and to exercise professional judgment. The appropriate exercise of professional skepticism may be demonstrated through the actions and communications of the engagement team, including emphasizing the importance of each engagement team member exercising professional skepticism throughout the group audit. Such actions and communications may include specific steps to mitigate impediments that may impair the appropriate exercise of professional skepticism. (Ref: Para. A13–A17)</p>
	<p><i>Scalability</i></p>
	<p>10. This ISA is intended for all group audits, regardless of size or complexity. However, the requirements of this ISA are intended to be applied in the context of the nature and circumstances of each group audit. For example, when a group audit is carried out entirely by the group auditor, some requirements in this ISA are not</p>

<sup>13</sup> ISA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing, paragraphs 15–16 and A20–A24

<sup>14</sup> ISA 200, paragraphs 15–16

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	<p>relevant because they are conditional on the involvement of component auditors. This may be the case when the group auditor is able to perform audit procedures centrally or is able to perform procedures at the components without involving component auditors. The guidance in paragraphs A117 and A118 also may be helpful in applying this ISA in these circumstances.</p>
	<p><i>Responsibilities of the Group Engagement Partner and Group Auditor</i></p>
<p>6. When this ISA expressly intends that a requirement or responsibility be fulfilled by the group engagement partner or the group engagement team, the term “the group engagement partner shall ...” or “the group engagement team shall ...” is used. In these circumstances, the group engagement partner or group engagement team may need to obtain information from the firm or other members of the engagement team to fulfill the requirement. When the group engagement partner or the group engagement team is permitted to assign the design or performance of procedures, tasks or actions to other appropriately skilled or suitably experienced members of the engagement team, including component auditors, the term “the group engagement partner shall take responsibility for...” or “the group engagement team shall take responsibility for...” is used. Nevertheless, the group engagement partner remains ultimately responsible, and therefore accountable, for compliance with the requirements of this ISA.</p>	<p>11. The group engagement partner remains ultimately responsible, and therefore accountable, for compliance with the requirements of this ISA. The term “the group engagement partner shall take responsibility for...” or “the group auditor shall take responsibility for...” is used for those requirements when the group engagement partner or group auditor, respectively, is permitted to assign the design or performance of procedures, tasks or actions to other appropriately skilled or suitably experienced members of the engagement team, including component auditors. For other requirements, this ISA expressly intends that the requirement or responsibility be fulfilled by the group engagement partner or group auditor, as applicable, and the group engagement partner or group auditor may obtain information from the firm or other members of the engagement team. (Ref: Para. A27)</p>
<p><b>Effective Date</b></p>	<p><b>Effective Date</b></p>
<p>7. This ISA is effective for audits of financial statements for periods beginning on or after December 15, 20XX.</p>	<p>12. This ISA is effective for audits of group financial statements for periods beginning on or after December 15, 2023.</p>

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<b>Objectives</b>	<b>Objectives</b>
8. The objectives of the auditor are to:	13. The objectives of the auditor are to:
(a) With respect to the acceptance and continuance of the group audit engagement, determine whether sufficient appropriate audit evidence can reasonably be expected to be obtained to provide a basis for forming an opinion on the group financial statements;	(a) With respect to the acceptance and continuance of the group audit engagement, determine whether sufficient appropriate audit evidence can reasonably be expected to be obtained to provide a basis for forming an opinion on the group financial statements;
(b) Identify and assess the risks of material misstatement of the group financial statements, and to plan and perform further audit procedures to appropriately respond to those assessed risks;	(b) Identify and assess the risks of material misstatement of the group financial statements, whether due to fraud or error, and plan and perform further audit procedures to appropriately respond to those assessed risks;
(c) Be sufficiently and appropriately involved in the work of component auditors throughout the group audit engagement, including communicating clearly about the scope and timing of their work, and in evaluating the results of that work; and	(c) Be sufficiently and appropriately involved in the work of component auditors throughout the group audit, including communicating clearly about the scope and timing of their work, and in evaluating the results of that work; and
(d) Evaluate whether sufficient appropriate audit evidence has been obtained from the audit procedures performed, including with respect to the work performed by component auditors, as a basis for forming an opinion on the group financial statements.	(d) Evaluate whether sufficient appropriate audit evidence has been obtained from the audit procedures performed, including with respect to the work performed by component auditors, as a basis for forming an opinion on the group financial statements.
<b>Definitions</b>	<b>Definitions</b>
9. For purposes of the ISAs, the following terms have the meanings attributed below:	14. For purposes of the ISAs, the following terms have the meanings attributed below:

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ED-600	Proposed ISA 600 (Revised)
(a) Aggregation risk – The probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. (Ref: Para. A11)	(a) Aggregation risk – The probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. (Ref: Para. A18)
(b) Component – A location, function or activity (or combination of locations, functions or activities) determined by the group engagement team for purposes of planning and performing audit procedures in a group audit. (Ref: Para. A12)	(b) Component – An entity, business unit, function or business activity, or some combination thereof, determined by the group auditor for purposes of planning and performing audit procedures in a group audit. (Ref: Para. A19)
(c) Component auditor – An auditor who, at the request of the group engagement team, performs audit procedures related to a component for purposes of the group audit. A component auditor is a part of the engagement team. <sup>15</sup> (Ref: Para. A13–A14)	(c) Component auditor – An auditor who performs audit work related to a component for purposes of the group audit. A component auditor is a part of the engagement team <sup>16</sup> for a group audit. (Ref: Para. A20–A21)
(d) Component management – Management responsible for a component. (Ref: Para. A15)	(d) Component management – Management responsible for a component. (Ref: Para. A22)
(e) Component performance materiality – An amount set by the group engagement team to reduce aggregation risk to an appropriately low level for purposes of planning and performing audit procedures in relation to a component.	(e) Component performance materiality – An amount set by the group auditor to reduce aggregation risk to an appropriately low level for purposes of planning and performing audit procedures in relation to a component.
(f) Group – A reporting entity for which group financial statements are prepared.	(f) Group – A reporting entity for which group financial statements are prepared.
(g) Group audit – The audit of group financial statements.	(g) Group audit – The audit of group financial statements.

<sup>15</sup> Proposed ISA 220 (Revised), paragraph 10(d)

<sup>16</sup> ISA 220 (Revised), paragraph 12(d)

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ED-600	Proposed ISA 600 (Revised)
[See paragraph 9(j) below]	<p>(h) Group auditor – The group engagement partner and members of the engagement team other than component auditors. The group auditor is responsible for:</p> <ul style="list-style-type: none"> <li>(i) Establishing the overall group audit strategy and group audit plan;</li> <li>(ii) Directing and supervising component auditors and reviewing their work;</li> <li>(iii) Evaluating the conclusions drawn from the audit evidence obtained as the basis for forming an opinion on the group financial statements.</li> </ul>
<p>(h) Group audit opinion – The audit opinion on the group financial statements.</p>	<p>(i) Group audit opinion – The audit opinion on the group financial statements.</p>
<p>(i) Group engagement partner – The engagement partner<sup>17</sup> who is responsible for the group audit.</p>	<p>(j) Group engagement partner – The engagement partner<sup>18</sup> who is responsible for the group audit. (Ref: Para. A23)</p>
<p>(j) Group engagement team – The group engagement partner and other members of the engagement team who are responsible for:</p> <ul style="list-style-type: none"> <li>(i) Establishing the overall group audit strategy and audit plan;</li> <li>(ii) Directing and supervising component auditors and reviewing their work;</li> </ul>	[See paragraph 14(h) above]

<sup>17</sup> Proposed ISA 220 (Revised), paragraph 10(a)

<sup>18</sup> ISA 220 (Revised), paragraph 12(a)

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<p>(iii) Evaluating the conclusions drawn from the audit evidence obtained as the basis for forming an opinion on the group financial statements.</p>	
<p>(k) Group financial statements – Financial statements that include the financial information of more than one entity or business unit through a consolidation process.  <b>[Also see paragraph 11 below]</b></p>	<p>(k) Group financial statements – Financial statements that include the financial information of more than one entity or business unit through a consolidation process. For purposes of this ISA, a consolidation process includes: (Ref: Para. A24–A26)</p> <ul style="list-style-type: none"> <li>(i) Consolidation, proportionate consolidation, or an equity method of accounting;</li> <li>(ii) The presentation in combined financial statements of the financial information of entities or business units that have no parent but are under common control or common management; or</li> <li>(iii) The aggregation of the financial information of entities or business units such as branches or divisions.</li> </ul>
<p>(l) Group management – Management responsible for the preparation of the group financial statements.</p>	<p>(l) Group management – Management responsible for the preparation of the group financial statements.</p>
<p>(m) Group performance materiality – Performance materiality<sup>19</sup> in relation to the group financial statements as a whole, as determined by the group engagement team.</p>	<p>(m) Group performance materiality – Performance materiality<sup>20</sup> in relation to the group financial statements as a whole, as determined by the group auditor.</p>

<sup>19</sup> ISA 320, *Materiality in Planning and Performing an Audit*, paragraph 11

<sup>20</sup> ISA 320, *Materiality in Planning and Performing an Audit*, paragraphs 9 and 11

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<p>10. Reference in this ISA to “the applicable financial reporting framework” means the financial reporting framework that applies to the group financial statements.</p>	<p>15. Reference in this ISA to “the applicable financial reporting framework” means the financial reporting framework that applies to the group financial statements.</p>
<p>11. Reference in this ISA to “consolidation process” includes the recognition, measurement, presentation, and disclosure, in accordance with the requirements of the applicable financial reporting framework, of financial information of entities or business units in the group financial statements by way of: (Ref: Para. A16, A18)</p> <ul style="list-style-type: none"> <li>(a) Consolidation, proportionate consolidation, or the equity methods of accounting;</li> <li>(b) The aggregation of the financial information of branches or divisions; or (Ref: Para. A17)</li> <li>(c) The presentation in combined financial statements of the financial information of entities or business units that have no parent but are under common control.</li> </ul>	<p>[See paragraph 14(k) above]</p>
Requirements	Requirements
Leadership Responsibilities for Managing and Achieving Quality on a Group Audit	Leadership Responsibilities for Managing and Achieving Quality on a Group Audit
<p>12. In applying proposed ISA 220 (Revised),<sup>21</sup> the group engagement partner shall be sufficiently and appropriately involved throughout the group audit engagement, including in the work of component auditors, such that the group engagement partner has the basis for</p>	<p>16. In applying ISA 220 (Revised),<sup>22</sup> the group engagement partner is required to take overall responsibility for managing and achieving quality on the group audit engagement. In doing so, the group</p>

<sup>21</sup> Proposed ISA 220 (Revised), paragraph 13

<sup>22</sup> ISA 220 (Revised), paragraph 13

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<p>determining whether the significant judgments made, and the conclusions reached, are appropriate given the nature and circumstances of the group audit engagement. (Ref: Para. A19–A20)</p>	<p>engagement partner shall: (Ref: Para. A27–A28)  <b>[Also see paragraph 16(b) below]</b></p>
	<p>(a) Take responsibility for creating an environment for the group audit engagement that emphasizes the expected behavior of engagement team members. (Ref: Para. A29)</p>
<p><b>[See paragraph 12 above]</b></p>	<p>(b) Be sufficiently and appropriately involved throughout the group audit engagement, including in the work of component auditors, such that the group engagement partner has the basis for determining whether the significant judgments made, and the conclusions reached, are appropriate given the nature and circumstances of the group audit engagement.</p>
Acceptance and Continuance	Acceptance and Continuance
<p>13. The group engagement partner shall determine whether sufficient appropriate audit evidence can reasonably be expected to be obtained to provide a basis for forming an opinion on the group financial statements. For this purpose, the group engagement team shall obtain an understanding of the group that is sufficient to identify components and make a preliminary determination about whether to involve component auditors. (Ref: Para. A21–A24)</p>	<p>17. Before accepting or continuing the group audit engagement, the group engagement partner shall determine whether sufficient appropriate audit evidence can reasonably be expected to be obtained to provide a basis for forming an opinion on the group financial statements. (Ref: Para. A30–A33)</p>
<p>14. If, after the acceptance or continuance of the group audit engagement, the group engagement partner concludes that sufficient appropriate audit evidence cannot be obtained, the group</p>	<p>18. If, after the acceptance or continuance of the group audit engagement, the group engagement partner concludes that sufficient appropriate audit evidence cannot be obtained, the group</p>

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engagement partner shall consider the possible effects on the group audit. (Ref: Para. A25)	engagement partner shall consider the possible effects on the group audit. (Ref: Para. A34)
<i>Terms of the Engagement</i>	<i>Terms of the Engagement</i>
15. In applying ISA 210, <sup>23</sup> the group engagement team shall obtain the agreement of group management that it acknowledges and understands its responsibility to provide the engagement team with: (Ref: Para. A26)	19. In applying ISA 210, <sup>24</sup> the group auditor shall obtain the agreement of group management that it acknowledges and understands its responsibility to provide the engagement team with: (Ref: Para. A35)
(a) Access to all information of which group management is aware that is relevant to the preparation of the group financial statements such as records, documentation and other matters;	(a) Access to all information of which group management is aware that is relevant to the preparation of the group financial statements such as records, documentation and other matters;
(b) Additional information that the engagement team may request from group management and component management for the purpose of the group audit; and	(b) Additional information that the engagement team may request from group management and component management for the purpose of the group audit; and
(c) Unrestricted access to persons within the group from whom the engagement team determines it necessary to obtain audit evidence.	(c) Unrestricted access to persons within the group from whom the engagement team determines it necessary to obtain audit evidence.
<i>Restrictions on Access Outside the Control of Group Management</i>	<i>Restrictions on Access to Information and People Outside the Control of Group Management</i>
16. If the group engagement partner concludes that group management cannot provide the engagement team with access to information or unrestricted access to persons within the group due	20. If the group engagement partner concludes that group management cannot provide the engagement team with access to information or unrestricted access to persons within the group due

<sup>23</sup> ISA 210, *Agreeing the Terms of Audit Engagements*, paragraphs 6(b) and 8(b)

<sup>24</sup> ISA 210, *Agreeing the Terms of Audit Engagements*, paragraphs 6(b) and 8(b)

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<p>to restrictions that are outside the control of group management, the group engagement partner shall consider the possible effects on the group audit. (Ref: Para. A27–A32)</p>	<p>to restrictions that are outside the control of group management, the group engagement partner shall consider the possible effects on the group audit. (Ref: Para. A36–A43)</p>
<p><i>Restrictions on Access Imposed by Group Management</i></p>	<p><i>Restrictions on Access to Information and People Imposed by Group Management</i></p>
<p>17. If the group engagement partner concludes that:</p>	<p>21. If the group engagement partner concludes that: (Ref: Para. A41–A43)</p>
<p>(a) It will not be possible for the group engagement team to obtain sufficient appropriate audit evidence due to restrictions imposed by group management; and</p>	<p>(a) It will not be possible for the group auditor to obtain sufficient appropriate audit evidence due to restrictions imposed by group management; and</p>
<p>(b) The possible effect of this limitation will result in a disclaimer of opinion on the group financial statements,</p>	<p>(b) The possible effect of this limitation will result in a disclaimer of opinion on the group financial statements,</p>
<p>the group engagement partner shall either:</p>	<p>the group engagement partner shall either:</p>
<p>(i) In the case of a new engagement, not accept the engagement, or, in the case of a continuing engagement, withdraw from the engagement, where withdrawal is possible under applicable law or regulation; or</p>	<p>(i) In the case of an initial engagement, not accept the engagement, or, in the case of a recurring engagement, withdraw from the engagement, when withdrawal is possible under applicable law or regulation; or</p>
<p>(ii) Where law or regulation prohibit an auditor from declining an engagement or where withdrawal from an engagement is not otherwise possible, having performed the audit of the group financial statements to the extent possible, disclaim an opinion on the group financial statements. (Ref: Para. A31–A33)</p>	<p>(ii) When law or regulation prohibit an auditor from declining an engagement or when withdrawal from an engagement is not otherwise possible, having performed the audit of the group financial statements to the extent possible, disclaim an opinion on the group financial statements.</p>

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	<b>Overall Group Audit Strategy and Group Audit Plan</b>
	22. In applying ISA 300, <sup>25</sup> the group auditor shall establish, and update as necessary, an overall group audit strategy and group audit plan. In doing so, the group auditor shall determine: (Ref: Para. A44–A47)
	(a) The components at which audit work will be performed; and (Ref: Para. A48)
	(b) The resources needed to perform the group audit engagement, including the nature, timing and extent to which component auditors are to be involved. (Ref: Para. A49–A53)
<i>Considerations When Component Auditors Are Involved</i>	<i>Considerations When Component Auditors Are Involved</i>
18. In applying proposed ISA 220 (Revised), <sup>26</sup> the group engagement partner shall evaluate whether the group engagement team will be able to be involved in the work of the component auditor to the extent necessary to obtain sufficient appropriate audit evidence. (Ref: Para. A34)	23. In establishing the overall group audit strategy and group audit plan, the group engagement partner shall evaluate whether the group auditor will be able to be sufficiently and appropriately involved in the work of the component auditor. (Ref: Para. A54)
19. As part of the evaluation in paragraph 18, the group engagement team shall request the component auditor to confirm that the component auditor will cooperate with the group engagement team. (Ref: Para. A35)	24. As part of the evaluation in paragraph 23, the group auditor shall request the component auditor to confirm that the component auditor will cooperate with the group auditor, including whether the component auditor will perform the work requested by the group auditor. (Ref: Para. A55)

<sup>25</sup> ISA 300, paragraphs 7–10A

<sup>26</sup> Proposed ISA 220 (Revised), paragraph 13

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Relevant Ethical Requirements, Including Those Related to Independence	Relevant Ethical Requirements, Including Those Related to Independence
20. In applying proposed ISA 220 (Revised), <sup>27</sup> the group engagement partner shall take responsibility for: (Ref: Para. A36–A39, A111)	25. In applying ISA 220 (Revised), <sup>28</sup> the group engagement partner shall take responsibility for: (Ref: Para. A56–A57, A84)
(a) Determining that component auditors have been made aware of relevant ethical requirements that are applicable given the nature and circumstances of the group audit engagement;	(a) Component auditors having been made aware of relevant ethical requirements that are applicable given the nature and circumstances of the group audit engagement; and
(b) Obtaining an understanding about whether component auditors understand and will comply with the ethical requirements that are relevant to the group audit engagement and, in particular, are independent; and	(b) Confirming whether the component auditors understand and will comply with the ethical requirements that are relevant to the group audit engagement, including those related to independence.
(c) Prior to dating the auditor’s report, obtaining a confirmation from component auditors that the ethical requirements that are relevant to the group audit engagement, including those related to independence, have been fulfilled.	[See paragraph 45(c) below]
Engagement Resources	Engagement Resources
21. In applying proposed ISA 220 (Revised), <sup>29</sup> the group engagement partner shall: (Ref: Para. A40)	26. In applying ISA 220 (Revised), <sup>30</sup> the group engagement partner shall: (Ref: Para. A58–A65)

<sup>27</sup> Proposed ISA 220 (Revised), paragraphs 16–17 and 21

<sup>28</sup> ISA 220 (Revised), paragraph 17

<sup>29</sup> Proposed ISA 220 (Revised), paragraphs 25–26

<sup>30</sup> ISA 220 (Revised), paragraphs 25–26

ED-600	Proposed ISA 600 (Revised)
<p>(a) Determine that component auditors have the appropriate competence and capabilities, including sufficient time to perform the assigned audit procedures at the component; and (Ref: Para. A41–A45)</p>	<p>(a) Determine that component auditors have the appropriate competence and capabilities, including sufficient time, to perform the assigned audit procedures at the component; and</p>
<p>(b) When information has been provided about the results of the monitoring and remediation process or external inspections with respect to the component auditor's firm, determine the relevance of such information to the group audit and determine its effect on the group audit. (Ref: Para. A46)</p>	<p>(b) If information about the results of the monitoring and remediation process or external inspections related to the component auditor has been provided by the group auditor's firm or has otherwise been made available to the group engagement partner, determine the relevance of such information to the group auditor's determination in paragraph 26(a).</p>
<p>22. If the group engagement partner has serious concerns about any of the matters in paragraphs 18–21, including if a component auditor does not meet the independence requirements that are relevant to the group audit, the group engagement team shall obtain sufficient appropriate audit evidence relating to the work to be performed at the component without involving that component auditor. (Ref: Para. A47–A48)</p>	<p>27. The group auditor shall obtain sufficient appropriate audit evidence relating to the work to be performed at the component without involving the component auditor if:  <b>[Also see paragraphs 27(a) and 27(b) below]</b></p>
<p><b>[See paragraph 22 above]</b></p>	<p>(a) The component auditor does not comply with the relevant ethical requirements, including those related to independence, that apply to the group audit engagement;<sup>31</sup> or (Ref: Para. A66–A67)</p>
<p><b>[See paragraph 22 above]</b></p>	<p>(b) The group engagement partner has serious concerns about the matters in paragraphs 23–26. (Ref: Para. A68)</p>

<sup>31</sup> ISA 200, paragraph 14

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ED-600	Proposed ISA 600 (Revised)
Engagement Performance	Engagement Performance
<p>23. In applying proposed ISA 220 (Revised),<sup>32</sup> the group engagement partner shall take responsibility for the nature, timing and extent of direction and supervision of component auditors and the review of their work. In doing so, the group engagement partner takes into account: (Ref: Para. A49–A52)</p>	<p>28. In applying ISA 220 (Revised),<sup>33</sup> the group engagement partner shall take responsibility for the nature, timing and extent of direction and supervision of component auditors and the review of their work, taking into account: (Ref: Para. A69–A74)</p>
<p>(a) Areas of higher assessed risks of material misstatement of the group financial statements, or where a significant risk has been identified; and</p>	<p>(a) Areas of higher assessed risks of material misstatement of the group financial statements, or significant risks identified in accordance with ISA 315 (Revised 2019); and</p>
<p>(b) Areas in the group financial statements that involve significant judgment.</p>	<p>(b) Areas in the audit of the group financial statements that involve significant judgment.</p>
	Communications with Component Auditors
<p>[See paragraph 43 below]</p>	<p>29. The group auditor shall communicate with component auditors about their respective responsibilities and the group auditor's expectations, including an expectation that communications between the group auditor and component auditors take place at appropriate times throughout the group audit. (Ref: Para. A75–A84)</p>

<sup>32</sup> Proposed ISA 220 (Revised), paragraph 29

<sup>33</sup> ISA 220 (Revised), paragraph 29

ED-600	Proposed ISA 600 (Revised)
<b>Understanding the Group and Its Environment, the Applicable Financial Reporting Framework and the Group’s System of Internal Control</b>	<b>Understanding the Group and Its Environment, the Applicable Financial Reporting Framework and the Group’s System of Internal Control</b>
24. In applying ISA 315 (Revised 2019), <sup>34</sup> the group engagement team shall take responsibility for obtaining an understanding of the following: (Ref: Para. A53–A55, A69–A70)	30. In applying ISA 315 (Revised 2019), <sup>35</sup> the group auditor shall take responsibility for obtaining an understanding of the following: (Ref: Para. A85–A89)
(a) The group and its environment, including: (Ref: Para. A56–A58)	(a) The group and its environment, including: (Ref: Para. A90–A92)
(i) The group’s organizational structure and its business model, including:	(i) The group’s organizational structure and its business model, including:
a. The locations in which the group has its operations or activities;	a. The locations in which the group has its operations or activities;
b. The nature of the group’s activities and business lines and the extent to which they are similar; and	b. The nature of the group’s operations or activities and the extent to which they are similar across the group; and
c. The extent to which the group’s business model integrates the use of IT; and	c. The extent to which the group’s business model integrates the use of IT;
	(ii) Regulatory factors impacting the entities and business units in the group; and

<sup>34</sup> ISA 315 (Revised 2019), paragraph 19

<sup>35</sup> ISA 315 (Revised 2019), paragraphs 19–27

Table of Comparison Between the Requirements in ED-600 and Proposed ISA 600 (Revised)

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ED-600	Proposed ISA 600 (Revised)
(ii) The nature and extent of the measures used internally and externally to assess the entities or business units' financial performance;	(iii) The measures used internally and externally to assess the entities or business units' financial performance;
(b) The applicable financial reporting framework, including the consistency of accounting policies and practices across the group; and	(b) The applicable financial reporting framework and the consistency of accounting policies and practices across the group; and
(c) The group's system of internal control, including:	(c) The group's system of internal control, including:
(i) The nature and extent of commonality of controls; (Ref: Para. A59–A63)	(i) The nature and extent of commonality of controls; (Ref: Para. A93–A97, A100)
(ii) Whether, and if so, how, the group centralizes activities relevant to financial reporting; (Ref: Para. A64–A65)	(ii) Whether, and if so, how, the group centralizes activities relevant to financial reporting; (Ref: Para. A98–A100)
(iii) The consolidation process used by the group, including sub-consolidations, if any, and consolidation adjustments; and	(iii) The consolidation process used by the group, including sub-consolidations, if any, and consolidation adjustments; and
(iv) How the group management communicates significant matters that support the preparation of the group financial statements and related financial reporting responsibilities in the information system and other components of the system of internal control. (Ref: Para. A66–A68)	(iv) How group management communicates significant matters that support the preparation of the group financial statements and related financial reporting responsibilities in the information system and other components of the group's system of internal control to management of entities or business units. (Ref: Para. A101–A103)

ED-600	Proposed ISA 600 (Revised)
<i>Considerations When Component Auditors Are Involved</i>	<i>Considerations When Component Auditors Are Involved</i>
25. When the group engagement team assigns the design and performance of risk assessment procedures to component auditors, the group engagement team shall consider the results of those procedures in fulfilling the requirement in paragraph 32. (Ref: Para. A71)	[See paragraph 34 below]
	31. The group auditor shall communicate to component auditors on a timely basis: (Ref: Para. A104)
26. When paragraph 25 applies, the group engagement team shall communicate with component auditors matters related to the financial information of components that may be relevant to the identification and assessment of the risks of material misstatement of the group financial statements.	(a) Matters that the group auditor determines to be relevant to the component auditor's design or performance of risk assessment procedures for purposes of the group audit;
27. In applying ISA 550, <sup>36</sup> the group engagement team shall communicate with the component auditor related party relationships or transactions identified by group management, and any other related parties of which the group engagement team is aware, that are relevant to the work of the component auditor. (Ref: Para. A72)	(b) In applying ISA 550, <sup>37</sup> related party relationships or transactions identified by group management, and any other related parties of which the group auditor is aware, that are relevant to the work of the component auditor; and (Ref: Para. A105)

<sup>36</sup> ISA 550, *Related Parties*, paragraph 17

<sup>37</sup> ISA 550, *Related Parties*, paragraph 17

Table of Comparison Between the Requirements in ED-600 and Proposed ISA 600 (Revised)

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ED-600	Proposed ISA 600 (Revised)
28. In applying ISA 570 (Revised), <sup>38</sup> the group engagement team shall:	
(a) Communicate with component auditors any events or conditions identified by group management or the group engagement team, that may cast significant doubt on the group's ability to continue as a going concern that are relevant to the work of the component auditor.	(c) In applying ISA 570 (Revised), <sup>39</sup> events or conditions identified by group management or the group auditor, that may cast significant doubt on the group's ability to continue as a going concern that are relevant to the work of the component auditor.
(b) Communicate with component auditors any events or conditions identified by the component auditor that may cast significant doubt on the group entity's ability to continue as a going concern.	[See paragraph 32(c) below]
	32. The group auditor shall request component auditors to communicate on a timely basis:
	(a) Matters related to the financial information of the component that may be relevant to the identification and assessment of the risks of material misstatement of the group financial statements, whether due to fraud or error;
[See paragraph 41(a) below]	(b) Related party relationships not previously identified by group management or the group auditor; and
[See paragraph 28(b) above and paragraph 41(b) below]	(c) Any events or conditions identified by the component auditor that may cast significant doubt on the group's ability to continue as a going concern.

<sup>38</sup> ISA 570 (Revised), *Going Concern*

<sup>39</sup> ISA 570 (Revised), *Going Concern*

ED-600	Proposed ISA 600 (Revised)
	<b>Identifying and Assessing the Risks of Material Misstatement</b>
[See paragraph 31 below]	33. In applying ISA 315 (Revised 2019), <sup>40</sup> based on the understanding obtained in paragraph 30, the group auditor shall take responsibility for the identification and the assessment of the risks of material misstatement of the group financial statements, including with respect to the consolidation process. (Ref: Para. A106–A111)
	<i>Considerations When Component Auditors Are Involved</i>
[See paragraph 25 above and paragraph 32 below]	34. In applying ISA 315 (Revised 2019), <sup>41</sup> the group auditor shall evaluate whether the audit evidence obtained from the risk assessment procedures performed by the group auditor and component auditors provides an appropriate basis for the identification and assessment of the risks of material misstatement of the group financial statements. (Ref: Para. A112–A113)
<b>Materiality</b>	<b>Materiality</b>
29. In applying ISA 320 <sup>42</sup> and ISA 450, <sup>43</sup> when classes of transactions, account balances or disclosures in the group financial statements are disaggregated across components, for purposes of planning	35. In applying ISA 320 <sup>44</sup> and ISA 450, <sup>45</sup> when classes of transactions, account balances or disclosures in the group financial statements are disaggregated across components, for purposes of planning and performing audit procedures, the group auditor shall determine:

<sup>40</sup> ISA 315 (Revised 2019), paragraphs 28–34

<sup>41</sup> ISA 315 (Revised 2019), paragraph 35

<sup>42</sup> ISA 320, paragraph 11

<sup>43</sup> ISA 450, *Evaluation of Misstatements Identified during the Audit*, paragraph 5

<sup>44</sup> ISA 320, paragraph 11

<sup>45</sup> ISA 450, *Evaluation of Misstatements Identified during the Audit*, paragraph 5

ED-600	Proposed ISA 600 (Revised)
and performing audit procedures, the group engagement team shall determine:	
(a) Component performance materiality. To address aggregation risk, such amount shall be lower than group performance materiality. (Ref: Para. A73–A76)	(a) Component performance materiality. To address aggregation risk, such amount shall be lower than group performance materiality. (Ref: Para. A114–A118)
(b) The threshold above which misstatements identified in component financial information are to be communicated to the group engagement team. Such threshold shall not exceed the amount regarded as clearly trivial to the group financial statements. (Ref: Para. A77)	(b) The threshold above which misstatements identified in the component financial information are to be communicated to the group auditor. Such threshold shall not exceed the amount regarded as clearly trivial to the group financial statements. (Ref: Para. A119)
<i>Considerations When Component Auditors Are Involved</i>	<i>Considerations When Component Auditors Are Involved</i>
30. The group engagement team shall communicate to the component auditor the amounts determined in accordance with paragraph 29.	36. The group auditor shall communicate to the component auditor the amounts determined in accordance with paragraph 35. (Ref: Para: A120–A121)
<b>Identifying and Assessing the Risks of Material Misstatement</b>	
31. In applying ISA 315 (Revised 2019), <sup>46</sup> based on the understanding obtained in paragraph 24, the group engagement team shall take responsibility for the identification and the assessment of the risks of material misstatement of the group financial statements. (Ref: Para. A78–A81)	[See paragraph 33 above]

<sup>46</sup> ISA 315 (Revised 2019), paragraphs 28–29

ED-600	Proposed ISA 600 (Revised)
<i>Considerations When Component Auditors Are Involved</i>	
<p>32. When the group engagement team involves component auditors in the risk assessment procedures as described in paragraph 25 or in the identification and assessment of the risks of material misstatement of the group financial statements, the group engagement team shall consider the results of the component auditors' work in determining whether it provides an appropriate basis for the identification and the assessment of the risks of material misstatement of the group financial statements. (Ref: Para. A82–A84)</p>	<p>[See paragraph 34 above]</p>
<b>Responding to the Assessed Risks of Material Misstatement</b>	<b>Responding to the Assessed Risks of Material Misstatement</b>
<p>33. In applying ISA 330,<sup>47</sup> the group engagement team shall take responsibility for the nature, timing and extent of further audit procedures to be performed. (Ref: Para. A85–A93)</p>	<p>37. In applying ISA 330,<sup>48</sup> the group auditor shall take responsibility for the nature, timing and extent of further audit procedures to be performed, including determining the components at which to perform further audit procedures and the nature, timing and extent of the work to be performed at those components. (Ref: Para. A122–A137)</p>
<i>Consolidation Process</i>	<i>Consolidation Process</i>
<p>34. The group engagement team shall take responsibility for designing and performing further audit procedures to respond to the assessed risks of material misstatement of the group financial statements arising from the consolidation process. This shall include:</p>	<p>38. The group auditor shall take responsibility for designing and performing further audit procedures to respond to the assessed risks of material misstatement of the group financial statements arising from the consolidation process. This shall include: (Ref: Para. A138)</p>

<sup>47</sup> ISA 330, paragraphs 6–7

<sup>48</sup> ISA 330, paragraphs 6–7

ED-600	Proposed ISA 600 (Revised)
(a) Evaluating whether all entities and business units have been included in the group financial statements as required by the applicable financial reporting framework and, if applicable, for designing and performing further audit procedures on sub-consolidations; and (Ref: Para. A94)	(a) Evaluating whether all entities and business units have been included in the group financial statements as required by the applicable financial reporting framework and, if applicable, for designing and performing further audit procedures on sub-consolidations;
	(b) Responding to the assessed risks of material misstatement due to fraud in the consolidation process, including when indicators of possible management bias have been identified; and
(b) Evaluating the appropriateness, completeness and accuracy of consolidation adjustments and reclassifications. (Ref: Para. A95)	(c) Evaluating the appropriateness, completeness and accuracy of consolidation adjustments and reclassifications. (Ref: Para. A139)
35. If the financial information of an entity or business unit has not been prepared in accordance with the same accounting policies applied to the group financial statements, the group engagement team shall evaluate whether the financial information has been appropriately adjusted for purposes of preparing and presenting the group financial statements.	39. If the financial information of an entity or business unit has not been prepared in accordance with the same accounting policies applied to the group financial statements, the group auditor shall evaluate whether the financial information has been appropriately adjusted for purposes of preparing and presenting the group financial statements.
36. If the group financial statements include the financial statements of an entity or business unit with a financial reporting period-end that differs from that of the group, the group engagement team shall take responsibility for evaluating whether appropriate adjustments have been made to those financial statements in accordance with the applicable financial reporting framework.	40. If the group financial statements include the financial information of an entity or business unit with a financial reporting period-end that differs from that of the group, the group auditor shall take responsibility for evaluating whether appropriate adjustments have been made to that financial information in accordance with the applicable financial reporting framework.

ED-600	Proposed ISA 600 (Revised)
<i>Considerations When Component Auditors Are Involved</i>	<i>Considerations When Component Auditors Are Involved</i>
<p>37. When the group engagement team assigns the design and performance of further audit procedures to component auditors, the group engagement team shall communicate with component auditors matters that are relevant to the design of responses to the assessed risks of material misstatement of the group financial statements. (Ref: Para. A96–A101)</p>	<p>41. When the group auditor involves component auditors in the design or performance of further audit procedures, the group auditor shall communicate with component auditors matters that the group auditor or component auditor determines to be relevant to the design of responses to the assessed risks of material misstatement of the group financial statements.</p>
<p>38. For areas of higher assessed risks of material misstatement of the group financial statements, including significant risks, on which a component auditor is determining the further audit procedures to be performed, the group engagement team shall evaluate the appropriateness of those further audit procedures.</p>	<p>42. For areas of higher assessed risks of material misstatement of the group financial statements, or significant risks identified in accordance with ISA 315 (Revised 2019), on which a component auditor is determining the further audit procedures to be performed, the group auditor shall evaluate the appropriateness of the design and performance of those further audit procedures. (Ref: Para. A140)</p>
<p>39. In accordance with paragraph 23, the group engagement team shall determine the nature and extent of direction and supervision of component auditors and the review of their work when component auditors perform further audit procedures on the consolidation process, including on sub-consolidations. (Ref: Para. A102)</p>	<p>43. When component auditors perform further audit procedures on the consolidation process, including on sub-consolidations, the group auditor shall determine the nature and extent of direction and supervision of component auditors and the review of their work. (Ref: Para. A141)</p>
<p>40. The group engagement team shall determine whether the financial information identified in the component auditor’s communication (see paragraph 44(a)) is the financial information that is incorporated in the group financial statements.</p>	<p>44. The group auditor shall determine whether the financial information identified in the component auditor’s communication (see paragraph 45(a)) is the financial information that is incorporated in the group financial statements.</p>

Table of Comparison Between the Requirements in ED-600 and Proposed ISA 600 (Revised)

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ED-600	Proposed ISA 600 (Revised)
41. The group engagement team shall request the component auditor to communicate on a timely basis:	
(a) Related parties not previously identified by group management or the group engagement team.	[See paragraph 32(b) above]
(b) Any events or conditions that may cast significant doubt on the group entity's ability to continue as a going concern.	[See paragraph 32(c) above]
<i>Using Audit Evidence from an Audit Performed for Another Purpose</i>	
42. If an audit has been performed on the financial statements of an entity or business unit that is part of the group, and an auditor's report has been issued for statutory, regulatory or other reasons, and the group engagement team plans to use such work as audit evidence for the group audit, the group engagement team shall evaluate whether: (Ref: Para. A103–A104)	
(a) The audit procedures performed are an appropriate response to the assessed risks of material misstatement of the group financial statements;	
(b) Performance materiality used for that audit is appropriate for the purposes of the group audit; and	
(c) Other relevant requirements in this ISA have been met with respect to the use of the work of a component auditor, including the requirements in paragraphs 20–22. (Ref: Para. A105)	

Two-Way Communication Between the Group Engagement Team and the Component Auditor	Evaluating the Component Auditor’s Communications and the Adequacy of Their Work
<p>43. The group engagement team shall communicate with component auditors about their responsibilities and the group engagement team’s expectations. These communications shall take place at the appropriate points in time throughout the group audit and reflect the component auditor’s involvement in various phases of the group audit. (Ref: Para. A106–A111)</p>	<p>[See paragraph 29 above]</p>
<p>44. The group engagement team shall request the component auditor to communicate matters relevant to the group engagement team’s conclusion with regard to the group audit. Such communication shall include:</p>	<p>45. The group auditor shall request the component auditor to communicate matters relevant to the group auditor’s conclusion with regard to the group audit. Such communication shall include: (Ref: Para. A142)</p>
<p>(a) Identification of the financial information on which the component auditor has been requested to perform audit procedures;</p>	<p>(a) Identification of the financial information on which the component auditor has been requested to perform audit procedures;</p>
	<p>(b) Whether the component auditor has performed the work requested by the group auditor;</p>
<p>[See paragraph 20(c) above]</p>	<p>(c) Whether the component auditor has complied with the relevant ethical requirements, including those related to independence, that apply to the group audit;</p>
<p>(b) Information on instances of non-compliance with laws or regulations;</p>	<p>(d) Information about instances of non-compliance with laws or regulations;</p>
<p>(c) Uncorrected misstatements of the financial information on which the component auditor performed further audit procedures and that are above the threshold communicated</p>	<p>(e) Corrected and uncorrected misstatements of the component financial information identified by the component auditor and that are above the threshold communicated by the group auditor in accordance with paragraph 36; (Ref: Para. A143)</p>

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<p>by the group engagement team in accordance with paragraph 30;</p>	
<p>(d) Indicators of possible management bias;</p>	<p>(f) Indicators of possible management bias;</p>
<p>(e) Description of any deficiencies in the system of internal control identified in connection with the audit procedures performed;</p>	<p>(g) Description of any deficiencies in the system of internal control identified in connection with the audit procedures performed;</p>
<p>(f) Other significant matters that the component auditor communicated or expects to communicate to those charged with governance of the component, including fraud or suspected fraud involving component management, employees who have significant roles in the group's system of internal control at the component level or others where the fraud resulted in a material misstatement of the financial information of the component; (Ref: Para. A112)</p>	<p>(h) Fraud or suspected fraud involving component management, employees who have significant roles in the group's system of internal control at the component or others where the fraud resulted in a material misstatement of the component financial information;  <b>[Also see paragraph 45(i) below]</b></p>
<p><b>[See paragraph 44(f) above]</b></p>	<p>(i) Other significant matters that the component auditor communicated or expects to communicate to component management or those charged with governance of the component;</p>
<p>(g) Any other matters that may be relevant to the group audit, or that the component auditor wishes to draw to the attention of the group engagement team, including exceptions noted in the written representations that the component auditor requested from component management; and</p>	<p>(j) Any other matters that may be relevant to the group audit, or that the component auditor determines are appropriate to draw to the attention of the group auditor, including exceptions noted in the written representations that the component auditor requested from component management; and</p>
<p>(h) The component auditor's overall findings, conclusions or opinion.</p>	<p>(k) The component auditor's overall findings or conclusions. (Ref: Para. A144)</p>

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<p>45. The group engagement team shall:</p>	<p>46. The group auditor shall:</p>
<p>(a) Discuss significant matters arising from the communications with the component auditor, component management or group management, as appropriate;</p>	<p>(a) Discuss significant matters arising from communications with the component auditor, including those in accordance with paragraph 45, with the component auditor, component management or group management, as appropriate; and</p>
<p>(b) Determine whether, and the extent to which, it is necessary to review parts of the component auditor's audit documentation; and (Ref: Para. A113)</p>	<p>[See paragraph 47 below]</p>
<p>(c) Evaluate whether the communications with component auditors are adequate for the group engagement team's purposes.</p> <p>[Also see paragraph 46 below]</p>	<p>(b) Evaluate whether the communications with the component auditor are adequate for the group auditor's purposes. If such communications are not adequate for the group auditor's purposes, the group auditor shall consider the implications for the group audit.</p>
<p>46. If the group engagement team determines that the component auditors' communications are not adequate for the group engagement team's purposes, the group engagement team shall consider whether further information can be obtained from component auditors or other sources. If such information cannot be obtained through other sources, the group engagement team shall consider the implications for the group audit, in accordance with paragraph 49.</p>	<p>[See paragraph 46(b) above]</p>
<p>[See paragraph 45(b) above]</p>	<p>47. The group auditor shall determine whether, and the extent to which, it is necessary to review additional component auditor audit documentation. In making this determination, the group auditor shall consider: (Ref: Para. A145–A146)</p>
	<p>(a) The nature, timing and extent of the work performed by the component auditor;</p>

	(b) The competence and capabilities of the component auditor as determined in accordance with paragraph 26(a); and
	(c) The direction and supervision of the component auditor and review of their work.
[See paragraph 51 below]	48. If the group auditor concludes that the work of the component auditor is not adequate for the group auditor's purposes, the group auditor shall determine what additional audit procedures are to be performed, and whether they are to be performed by a component auditor or by the group auditor.
<b>Subsequent Events</b>	<b>Subsequent Events</b>
47. In applying ISA 560, <sup>49</sup> the group engagement team shall take responsibility for performing procedures designed to identify events that may require adjustment to or disclosure in the group financial statements, including, as appropriate, requesting component auditors to perform procedures, for events that occur between the dates of the financial information of the components and the date of the auditor's report on the group financial statements. (Ref: Para. A114)	49. In applying ISA 560, <sup>50</sup> the group auditor shall take responsibility for performing procedures, including, as appropriate, requesting component auditors to perform procedures, designed to identify events that may require adjustment of, or disclosure in, the group financial statements. (Ref: Para. A147)
<i>Considerations When Component Auditors Are Involved</i>	<i>Considerations When Component Auditors Are Involved</i>
48. The group engagement team shall request the component auditors to notify the group engagement team if they become aware of subsequent events that may require an adjustment to or disclosure in the group financial statements. (Ref: Para. A114)	50. The group auditor shall request the component auditors to notify the group auditor if they become aware of subsequent events that may require adjustment of, or disclosure in, the group financial statements. (Ref: Para. A147)

<sup>49</sup> ISA 560, *Subsequent Events*, paragraph 7

<sup>50</sup> ISA 560, *Subsequent Events*, paragraphs 6–7

Evaluating the Sufficiency and Appropriateness of Audit Evidence Obtained	Evaluating the Sufficiency and Appropriateness of Audit Evidence Obtained
<p>49. In applying ISA 330,<sup>51</sup> the group engagement team shall evaluate whether sufficient appropriate audit evidence has been obtained from the audit procedures performed, including with respect to the work performed by component auditors, on which to base the group audit opinion. (Ref: Para. A115)</p>	<p>51. In applying ISA 330,<sup>52</sup> the group auditor shall evaluate whether sufficient appropriate audit evidence has been obtained from the audit procedures performed, including from the work performed by component auditors, on which to base the group audit opinion. (Ref: Para. A148–A152)</p>
<p><i>Evaluating the Effect on the Group Audit Opinion</i></p>	
<p>50. The group engagement partner shall evaluate the effect on the group audit opinion of any uncorrected misstatements (whether identified by the group engagement team or communicated by component auditors) and any instances where there has been an inability to obtain sufficient appropriate audit evidence. (Ref: Para. A116)</p>	<p>52. The group engagement partner shall evaluate the effect on the group audit opinion of any uncorrected misstatements (whether identified by the group auditor or communicated by component auditors) and any instances when there has been an inability to obtain sufficient appropriate audit evidence. (Ref: Para. A153)</p>
<p><i>Considerations When Component Auditors Are Involved</i></p>	
<p>51. If the group engagement team concludes that the work of the component auditor is insufficient, the group engagement team shall determine what additional audit procedures are to be performed, and whether they are to be performed by a component auditor or by the group engagement team.</p>	<p>[See paragraph 48 above]</p>

<sup>51</sup> ISA 330, paragraph 26

<sup>52</sup> ISA 330, paragraph 26

Auditor's Report	Auditor's Report
<p>52. The auditor's report on the group financial statements shall not refer to a component auditor, unless required by laws or regulations to include such reference. If such reference is required by laws or regulations, the auditor's report shall indicate that the reference does not diminish the group engagement partner's or the group engagement partner's firm's responsibility for the group audit opinion. (Ref: Para. A117–A118)</p>	<p>53. The auditor's report on the group financial statements shall not refer to a component auditor, unless required by law or regulation to include such reference. If such reference is required by law or regulation, the auditor's report shall indicate that the reference does not diminish the group engagement partner's or the group engagement partner's firm's responsibility for the group audit opinion. (Ref: Para. A154–A155)</p>
Communication with Group Management and Those Charged with Governance of the Group	Communication with Group Management and Those Charged with Governance of the Group
<p>53. The group engagement team shall determine which identified deficiencies in the group's system of internal control to communicate to those charged with governance of the group and group management in accordance with ISA 265.<sup>53</sup> In making this determination, the group engagement team shall consider deficiencies in internal control that have been identified by the group engagement team and that have been communicated to the group engagement team by component auditors. (Ref: Para. A119)</p>	<p>[See paragraph 58 below]</p>
<p><i>Communication with Group Management</i></p>	<p><i>Communication with Group Management</i></p>
	<p>54. The group auditor shall communicate with group management an overview of the planned scope and timing of the audit, including an overview of the work to be performed at components of the group. (Ref: Para. A156)</p>
<p>54. If fraud has been identified by the group engagement team or brought to its attention by a component auditor (see paragraph 44</p>	<p>55. If fraud has been identified by the group auditor or brought to its attention by a component auditor (see paragraph 45(h)), or</p>

<sup>53</sup> ISA 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*

<p>(f)), or information indicates that a fraud may exist, the group engagement team shall communicate this on a timely basis to the appropriate level of group management in order to inform those with primary responsibility for the prevention and detection of fraud of matters relevant to their responsibilities. (Ref. Para. A120)</p>	<p>information indicates that a fraud may exist, the group auditor shall communicate this on a timely basis to the appropriate level of group management in order to inform those with primary responsibility for the prevention and detection of fraud of matters relevant to their responsibilities. (Ref: Para. A157)</p>
<p>55. A component auditor may be required by statute, regulation or for another reason, to express an audit opinion on the financial statements of an entity or business unit that forms part of the group. In that case, the group engagement team shall request group management to inform management of the entity or business unit of any matter of which the group engagement team becomes aware that may be significant to the financial statements of the entity or business unit, but of which management of the entity or business unit may be unaware. If group management refuses to communicate the matter to management of the entity or business unit, the group engagement team shall discuss the matter with those charged with governance of the group. If the matter remains unresolved, the group engagement team, subject to legal and professional confidentiality considerations, shall consider whether to advise the component auditor not to issue the auditor's report on the financial statements of the entity or business unit until the matter is resolved. (Ref: Para. A121)</p>	<p>56. A component auditor may be required by statute, regulation or other reasons to express an audit opinion on the financial statements of an entity or business unit that forms part of the group. In that case, the group auditor shall request group management to inform management of the entity or business unit of any matter of which the group auditor becomes aware that may be significant to the financial statements of the entity or business unit, but of which management of the entity or business unit may be unaware. If group management refuses to communicate the matter to management of the entity or business unit, the group auditor shall discuss the matter with those charged with governance of the group. If the matter remains unresolved, the group auditor, subject to legal and professional confidentiality considerations, shall consider whether to advise the component auditor not to issue the auditor's report on the financial statements of the entity or business unit until the matter is resolved. (Ref: Para. A158–A159)</p>

<i>Communication with Those Charged with Governance of the Group</i>	<i>Communication with Those Charged with Governance of the Group</i>
<p>56. The group engagement team shall communicate the following matters with those charged with governance of the group, in addition to those required by ISA 260 (Revised)<sup>54</sup> and other ISAs: (Ref: Para. A122)</p>	<p>57. The group auditor shall communicate the following matters with those charged with governance of the group, in addition to those required by ISA 260 (Revised)<sup>55</sup> and other ISAs: (Ref: Para. A160)</p>
<p>(a) An overview of the work to be performed at the entities and business units comprising the group and the nature of the group engagement team's planned involvement in the work to be performed by component auditors. (Ref: Para. A123)</p>	<p>(a) An overview of the work to be performed at the components of the group and the nature of the group auditor's planned involvement in the work to be performed by component auditors. (Ref: Para. A161)</p>
<p>(b) Instances where the group engagement team's review of the work of a component auditor gave rise to a concern about the quality of that component auditor's work, and how the group engagement team addressed the concern.</p>	<p>(b) Instances when the group auditor's review of the work of a component auditor gave rise to a concern about the quality of that component auditor's work, and how the group auditor addressed the concern.</p>
<p>(c) Any limitations on the scope of the group audit, for example, significant matters related to restrictions on access to people or information.</p>	<p>(c) Any limitations on the scope of the group audit, for example, significant matters related to restrictions on access to people or information.</p>
<p>(d) Fraud or suspected fraud involving group management, component management, employees who have significant roles in the group's system of internal control or others where the fraud resulted in a material misstatement of the group financial statements.</p>	<p>(d) Fraud or suspected fraud involving group management, component management, employees who have significant roles in the group's system of internal control or others when the fraud resulted in a material misstatement of the group financial statements.</p>

<sup>54</sup> ISA 260 (Revised), *Communication with Those Charged with Governance*

<sup>55</sup> ISA 260 (Revised), *Communication with Those Charged with Governance*

	<i>Communication of Identified Deficiencies in Internal Control</i>
[See paragraph 53 above]	58. In applying ISA 265, <sup>56</sup> the group auditor shall determine whether any identified deficiencies in the group’s system of internal control are required to be communicated to those charged with governance of the group or group management. In making this determination, the group auditor shall consider deficiencies in internal control that have been identified by component auditors and communicated to the group auditor in accordance with paragraph 45(g). (Ref: Para. A162)
<b>Documentation</b>	<b>Documentation</b>
57. In applying ISA 230, <sup>57</sup> the group engagement team shall include in the audit documentation: (Ref: Para. A124, A129–A130)	59. In accordance with ISA 230, <sup>58</sup> the audit documentation for a group audit engagement needs to be sufficient to enable an experienced auditor, having no previous connection with the audit, to understand the nature, timing and extent of audit procedures performed, the evidence obtained, and the conclusions reached with respect to significant matters arising during the group audit. In applying ISA 230, <sup>59</sup> the group auditor shall include in the audit documentation: (Ref: Para. A163–A166, A176–A179)
(a) 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.	(a) Significant matters related to restrictions on access to people or information within the group 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.

<sup>56</sup> ISA 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*

<sup>57</sup> ISA 230, *Audit Documentation*, paragraphs 8–11 and A6

<sup>58</sup> ISA 230, paragraph 8

<sup>59</sup> ISA 230, paragraphs 1–3, 9–11, A6–A7 and Appendix

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<p>(b) The group engagement team's determination of components for purposes of planning and performing the group audit.</p>	<p>(b) The basis for the group auditor's determination of components for purposes of planning and performing the group audit. (Ref: Para. A167)</p>
<p>(c) The determination of component performance materiality and the threshold for communicating misstatements in component financial information to the group engagement team.</p>	<p>(c) The basis for the determination of component performance materiality and the threshold for communicating misstatements in the component financial information to the group auditor.</p>
	<p>(d) The basis for the group auditor's determination that component auditors have the appropriate competence and capabilities, including sufficient time, to perform the assigned audit procedures at the components. (Ref: Para. A168)</p>
	<p>(e) Key elements of the understanding of the group's system of internal control in accordance with paragraph 30(c);</p>
<p>(d) The nature, timing and extent of the group engagement team's direction and supervision of component auditors and the review of their work. (Ref: Para. A125–A128)</p>	<p>(f) The nature, timing and extent of the group auditor's direction and supervision of component auditors and the review of their work, including, as applicable, the group auditor's review of additional component auditor audit documentation in accordance with paragraph 47. (Ref: Para. A169–A175)</p>
<p>(e) Matters related to communication with component auditors, including:</p>	<p>(g) Matters related to communications with component auditors, including:</p>
<p>(i) The matters required to be communicated in accordance with paragraphs 27–28 and 41.</p>	<p>(i) Matters, if any, related to fraud, related parties or going concern communicated in accordance with paragraph 32</p>
<p>(ii) Matters relevant to the group engagement team's conclusion with regard to the group audit, as required by paragraph 44, including how the group engagement</p>	<p>(ii) Matters relevant to the group auditor's conclusion with regard to the group audit, in accordance with paragraph 45, including how the group auditor has</p>

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<p>team has addressed significant matters discussed with component auditors, component management or group management.</p>	<p>addressed significant matters discussed with component auditors, component management or group management.</p>
<p>(f) The group engagement team's evaluation of, and response to, findings of the component auditors with respect to matters that could have a material effect on the group financial statements.</p>	<p>(h) The group auditor's evaluation of, and response to, findings or conclusions of the component auditors about matters that could have a material effect on the group financial statements</p>