



Group Audits – Interlinks with ISQC 1, Proposed ISQC 2, ISA 220 and ISA 315 (Revised)

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Agenda Item 4

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IAASB

**International Auditing
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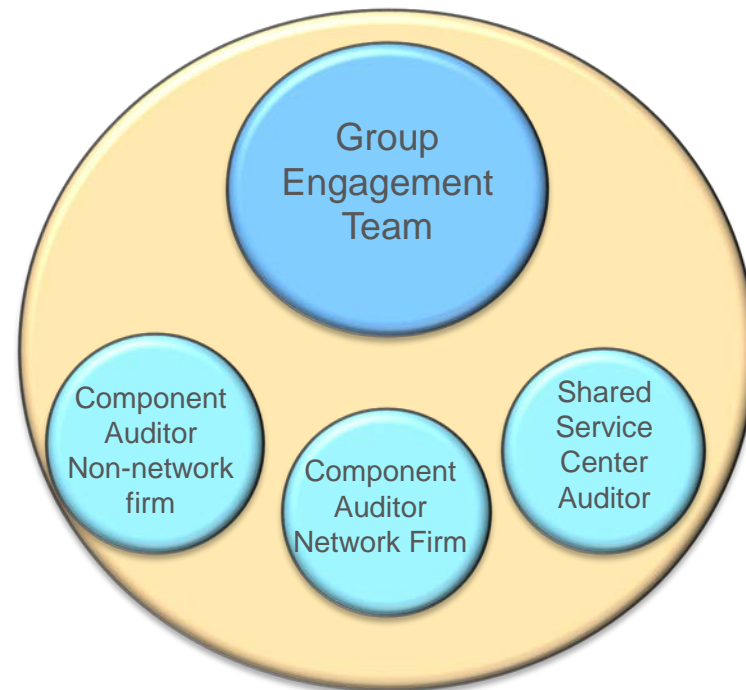
Definitions: ISA 220 – Engagement Team, ISA 600 – Group Engagement Team

Engagement Team – ISA 220 Para 7 (d)

Engagement team

All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform audit procedures on the engagement. This excludes an auditor's external expert engaged by the firm or by a network firm.

Group Engagement Team – ISA 600



Acceptance and Continuance – Group Audit Implications

ISQC 1

- Firm's decision to be the auditor
 - consider explicit determination
- Firm's policy to ensure appropriate team leader is appointed

ISA 220:

- Access to information
- Sufficient involvement of the engagement partner
 - Considerations in case of group audits

ISA 220 – Other Matters Relevant to Group Audits

- Relevant Ethical Requirements

- Independence
- Other, including NOCLAR

- Direction, Supervision and Review

- Linking to enhanced requirements of ISA 220

- Component Materiality

- Consider the concept if top-down approach applied
- Component performance materiality

- Monitoring and Remediation

- Stand back

- Linked to new requirements in ISA 220

- Network considerations

- No network specific requirements
- Use of network / non-network resources

EQC Reviews – Group Audit Implications

ISQC 1:

- Selection of engagements subject to EQC review

ISQC 2:

- Appointment of ONE person with ultimate responsibility, irrespective of how they discharge that responsibility

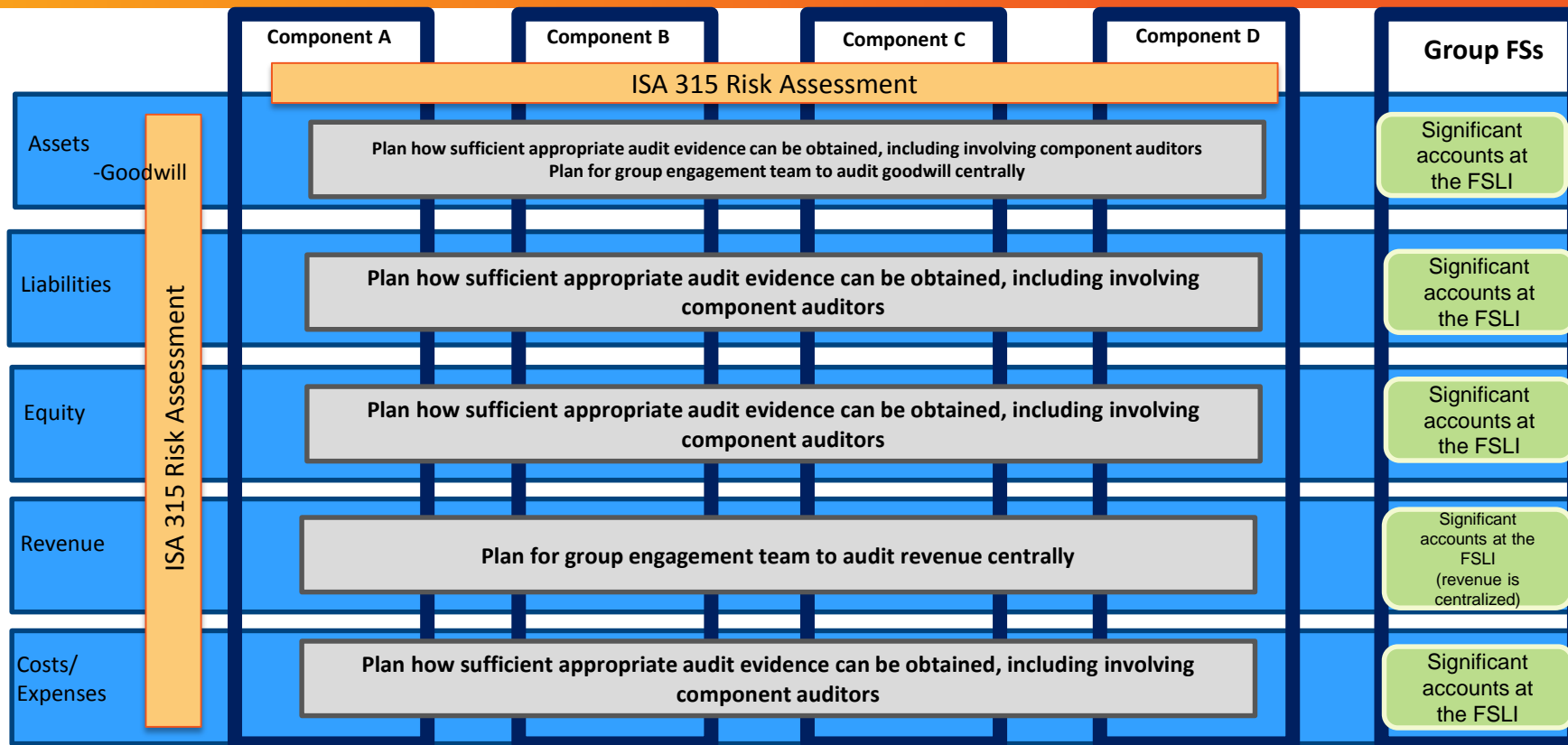
ISA 220

- Ensures that an EQC reviewer is assigned
- All team members co-operate with the EQC reviewer (and others who assist the EQC reviewer)

ISA 315 (Revised) – Group Audit Considerations

- Improved linkage to ISA 315 (Revised) in ISA 600
- Understanding the group: examples of different types of group structures
- Understanding the financial reporting framework and its application in the context of a group – considering different accounting models, e.g., equity, joint ventures, consolidation processes
- Revisit the term ‘group-wide controls’
 - What is a relevant control in the context of a group?
 - What are the impacts on work effort at different locations?
- Application material to describe impact to group of qualitative inherent risk factors e.g., complex structures

Top-Down Approach



Top-Down Approach

	Component A	Component B	Component C	Component D	Group FSs
Assets -Goodwill	All FSLI audited locally except Goodwill, which is audited centrally	All FSLI audited locally except Goodwill, which is audited centrally	Goodwill audited centrally –no other FSLIs audited	All FSLI audited locally except Goodwill, which is audited centrally	Significant accounts at the FSLI
Liabilities	Audited Locally	Audited Locally	Audited Locally		Significant accounts at the FSLI
Equity	Audited Locally				Significant accounts at the FSLI
Revenue	Audited Centrally by GET	Audited Centrally by GET	Audited Centrally by GET	Audited Centrally by GET	Significant accounts at the FSLI
Costs/ Expenses	Audited Locally	Audited Locally			Significant accounts at the FSLI



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