Dear Mr. Sylph,

We appreciate the opportunity to comment on Exposure Draft ISA 600 (Revised), "The Audit of Group Financial Statements". This response is made on behalf of the Royal NIVRA.

Overall, we support the proposed revised ISA 600 and believe that it is both important and helpful to practitioners. However there are a few important matters regarding the changes in the proposed standard which, in our opinion need reconsideration. In our view especially in the area of finding the right balance in adopting the concept of sole responsibility in group audits more clarification is needed.

As requested in the explanatory memorandum on the Exposure Draft, we focus in our comments on the changes made on the initial proposals. We follow therefore the questions mentioned in the Guide for commentators.

1. Is the approach to the work of other auditors practical, having regard to the elimination of the divided responsibility option?

Although we do concur to the reserve regarding divided responsibility, we bring to your attention that situations might exist where a divided responsibility appears to be the most practical solution (e.g. recent acquisition, partly owned companies).

In our opinion group auditors primarily rely on an auditors memorandum issued by the audit team of a component. This memorandum contains a summary of the work performed and the outcome thereof (including the auditors opinion). We recognize that in certain situations the group auditor might have reasons to perform additional work to assess the quality of the work of the component auditor’s team and would consider review of the audit papers of such team necessary or even perform additional audit procedures. However, this should in our opinion not be standard practice. We can imagine that based on the group auditor’s professional judgment, meetings with management of the component and the audit team have to be executed. Aim of such a visit should be to fathom and challenge their audit approach. We would prefer all abovementioned actions to be rather part of a consideration of the group auditor than obligatory.
Furthermore we would appreciate to emphasize the significant role of a group accounting manual (suitable criteria for the audit of a group) in ISA 600.

2. **Are the revised standards and guidance on accepting or continuing an engagement to audit group financial statements appropriate?**

In line with our vision that normally the group auditor can rely on the memorandum and auditors opinion of the component auditor, we do not consider the inability to get access to a component to be the most adequate trigger to a scope limitation. In our opinion the prime trigger would be the inability to obtain audit evidence.

We found it extremely helpful the guideline suggesting that only in unusual situations a group auditor would accept an engagement when the group auditor and the related auditors perform less than 50% of total work. We would like to reinforce that requirement amended in a way that if the group auditor finds himself in that unusual situation the group auditor should document this properly and indicates how to solve this situation in near future.

3. **Do the revised standards and guidance on access to information, given various laws of jurisdictions, give rise to any unnecessary foreseeable difficulty?**

Some jurisdictions do not allow other auditors than the ones locally appointed to review working papers. This is especially the case when the local company is not a full subsidiary (e.g. participations, joint ventures).

We are of the opinion that the proposed standard should also provide guidance to the local auditor being asked for information by the group auditor.

4. **Is the proposal to move the guidance originally contained in the proposed IAPS appropriate?**

Although we concur that the requirement to assess the qualifications of the other auditors should be included in the IAS 600, we are of the opinion that the listing of steps to be performed in this matter does not fit in the principle based approach of the ISA. We prefer the inclusion of all necessary items with a rule based character in an IAPS.

Yours sincerely,

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