



September 17, 2020

International Auditing and Assurance Standards Board
Via webposting: www.iaasb.org

To Whom It May Concern:

**Re: Proposed International Standard on Auditing 600 (Revised) Exposure Draft
Special Considerations – Audits of Group Financial Statements (Including the Work of
Component Auditors) and Proposed Conforming and Consequential Amendments to Other
ISAs**

We support the proposed Standards as outlined in the fore mentioned exposure draft for *Audits of Group Financial Statements*. The attachment sets out our responses to the specific questions listed in the exposure draft.

Thank you for the opportunity to provide comments.

Yours truly,

A handwritten signature in black ink that reads "Judy Ferguson".

Judy Ferguson, FCPA, FCA
Provincial Auditor of Saskatchewan

ND/dd
Attachment

cc: E. Turner, Director, Auditing and Assurance Standards, Auditing and Assurance Standards Board
(eturner@iasbcanada.ca)

Requests for Comment	Response
Overall Questions	
<p>1. With respect to the linkages to other standards:</p> <p>(a) Does ED-600 have appropriate linkages to other ISAs and with the proposed ISQMs?</p> <p>(b) Does ED-600 sufficiently address the special considerations in a group audit with respect to applying the requirements and application material in other relevant ISAs, including proposed ISA 220 (Revised)? Are there other special considerations for a group audit that you believe have not been addressed in ED-600?</p>	<p>(a) Yes, ED-600 has appropriate linkages to other ISAs and with the proposed ISQMs.</p> <p>(b) Yes, ED-600 sufficiently addresses the special considerations in a group audit with respect to applying the requirements and application material in other relevant ISAs. There are no special considerations for a group audit that have not been addressed in ED-600.</p>
<p>2. With respect to the structure of the standard, do you support the placement of sub-sections throughout ED-600 that highlight the requirements when component auditors are involved?</p>	<p>Yes, we support the placement of sub-sections throughout ED-600.</p>
<p>3. Do the requirements and application material of ED-600 appropriately reinforce the exercise of professional skepticism in relation to an audit of group financial statements?</p>	<p>Yes, the requirements and application material of ED-600 appropriately reinforce the exercise of professional skepticism in relation to an audit of group financial statements.</p>
Specific Questions	
<p>4. Is the scope and applicability of ED-600 clear? In that regard, do you support the definition of group financial statements, including the linkage to a consolidation process? If you do not support the proposed scope and applicability of ED-600, what alternative(s) would you suggest (please describe why you believe such alternative(s) would be more appropriate and practicable).</p>	<p>Yes, the scope and applicability of ED-600 is clear. We support the definition of group financial statements, including the linkage to a consolidation process.</p>
<p>5. Do you believe the proposed standard is scalable to groups of different sizes and complexities, recognizing that group financial statements, as defined in ED-600, include the financial information of more than one entity or business unit? If not, what suggestions do you have for improving the scalability of the standard?</p>	<p>Yes, the proposed standard is scalable to groups of different sizes and complexities.</p>
<p>6. Do you support the revised definition of a component to focus on the 'auditor view' of the entities and business units comprising the group for purposes of planning and performing the group audit?</p>	<p>Yes, we support the revised definition of a component. The revised definition should help the group engagement team perform the audit in an efficient a manner possible (i.e., by taking into account commonality of controls, centralized controls where applicable).</p>
<p>7. With respect to the acceptance and continuance of group audit engagements, do you support the enhancements to the requirements and application material and, in particular, whether ED-600 appropriately addresses restrictions on access to information and people and ways in which the group engagement team can overcome such restrictions?</p>	<p>Yes, we support the enhancements to the requirements for acceptance and continuance of group audit engagements.</p>
<p>8. Will the risk-based approach result in an appropriate assessment of the risks of material misstatement of the group financial statements and the design and performance of appropriate responses to those assessed risks? In particular, the IAASB is interested in views about:</p> <p>(a) Whether the respective responsibilities of the group engagement team and component auditors are clear and appropriate?</p>	<p>Yes, the risk-based approach should result in an appropriate assessment of the risks of material misstatement of the group financial statements and the design and performance of appropriate responses to those assessed risks.</p> <p>(a) Yes, the respective responsibilities of the group engagement team and component auditors are clear and appropriate.</p>

Requests for Comment	Response
<p>(b) Whether the interactions between the group engagement team and component auditors throughout the different phases of the group audit are clear and appropriate, including sufficient involvement of the group engagement partner and group engagement team?</p> <p>(c) What practical challenges may arise in implementing the risk-based approach?</p>	<p>(b) Yes, the interactions between the group engagement team and component auditors throughout the different phases of the group audit are clear and appropriate.</p> <p>(c) We are pleased to see paragraphs 31 and 51 of the proposed standard clearly make the group auditor responsible for the assessment of risks of material misstatement in the group financial statements and for determining audit procedures to reduce the risk to an acceptable level (including use of the work of component auditors). We further note paragraph 51 of the proposed standard contemplates situations where the group auditor will need to do additional procedures at the component or ask the component auditor to complete additional work.</p> <p>Nevertheless, because the proposed standard remains silent with respect to the component auditor's responsibility for co-operating with the group auditor, we anticipate, from time-to-time, differing views between the group auditor and the component auditor about the assessment and the determination of required audit procedures may occur. Differing views may result in the component auditor not (in the group auditor's opinion) doing sufficient work or denying the group auditor access to component audit files. This can result in inefficiencies and incurring additional audit costs—matters negatively viewed by management and audit committees. Co-operation is needed by both parties to ensure the group auditor's risk has been reduced to an acceptably low level, and to avoid inefficiencies.</p>
<p>9. Do you support the additional application material on the commonality of controls and centralized activities, and is this application material clear and appropriate?</p>	<p>Yes, we support the additional application material on the commonality of controls and centralized activities. This application material is clear and appropriate.</p>
<p>10. Do you support the focus in ED-600 on component performance materiality, including the additional application material that has been included on aggregation risk and factors to consider in determining component performance materiality?</p>	<p>Yes, we support the focus in ED-600 on component performance materiality.</p>
<p>11. Do you support the enhanced requirements and application material on documentation, including the linkage to the requirements of ISA 230? In particular:</p> <p>(a) Are there specific matters that you believe should be documented other than those described in paragraph 57 of ED-600?</p> <p>(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?</p>	<p>Yes, we support the enhanced requirements and application material on documentation, including the linkage to the requirements of ISA 230.</p> <p>(a) No, there are no other specific matters that should be documented in paragraph 57.</p> <p>(b) Yes, we agree with the application material in paragraphs A129 and A130 of ED-600.</p>
<p>12. Are there any other matters you would like to raise in relation to ED-600?</p>	<p>No other matters.</p>

Requests for Comment	Response
<p>Request for General Comments</p> <p>13. The IAASB is also seeking comments on the matters set out below:</p> <p>(a) Translations—Recognizing that many respondents may intend to translate the final ISA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing the ED-600.</p> <p>(b) Effective Date—Recognizing that ED-600 is a substantive revision, and given the need for national due process and translation, as applicable, the IAASB believes that an appropriate effective date for the standard would be for financial reporting periods beginning approximately 18 months after approval of a final ISA. Earlier application would be permitted and encouraged. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the ISA.</p>	<p>(a) Translation is not applicable to our Office.</p> <p>(b) 18 months after approval of a final ISA is a sufficient period to support effective implementation of the ISA.</p>