



Paris La Defense, 29 September 2020

**International Federation of Accountants**  
**International Auditing and Assurance Standards Board**  
**Mr. Seidenstein, Chairman of IAASB**  
545 Fifth Avenue - 14<sup>th</sup> Floor  
New York NY 10017 USA

Re: IAASB ED ISA 600 "Special considerations – Audits of group financial statements (including the work of component auditors)"

Dear Mr. Seidenstein,

MAZARS is pleased to submit this letter in response to the invitation to comment from the IFAC International Auditing and Assurance Standards Board (IAASB), on its ED ISA 600.

MAZARS is an international, integrated and independent partnership, specialising in audit, accountancy, advisory, tax and legal services. As of 1<sup>st</sup> January 2020, there are over 24,400 professionals, including more than 1,000 partners, in 91 countries worldwide, trusted and committed in serving major international groups, entrepreneurial and small businesses, private investors and state owned entities at every stage of their development.

MAZARS is a member of the IFAC Forum of Firms, and thus fully supports, for more than 12 years, the initiatives of IFAC IAASB, IESBA, Forum of Firms and Transnational Auditors Committee, as well as those of the regulators in these areas of common concern for public interest, in promoting high quality standards as part of the international roll-out of audit engagements. All MAZARS firms and correspondents are committed to support and apply those initiatives.

We are committed to being **#MazarsForGood** – that is a global citizen devoted to having a positive impact on the world and communities in which we operate. We are dedicated to contributing to society in the best possible way, whether through providing quality services to our clients to help them achieve sustainable growth, enabling our talented people to reach their highest potential, or contributing to the public debate with positive insights for the future.

We would be pleased to discuss our detailed comments submitted hereafter with you and remain at your disposal, should you require further clarification or additional information.

Yours sincerely,

Jean-Luc Barlet  
MAZARS Chief Compliance Officer  
[jean-luc.barlet@mazars.fr](mailto:jean-luc.barlet@mazars.fr)

## Overall comments

MAZARS is supportive of all initiatives taken to enhance audit and assurance quality and the future of the profession, for the benefit of the public interest, and thus welcome the opportunity to add our views to the debate.

We believe that the proposed new architecture of the standards (ISQM1, ISA 220 and the ED ISA 600 especially the § 20 & 21 focused on a top-down and centralized approach to the audit of group financial statements) could lead in practice to facilitate or to enable group audits only when they are conducted with “related auditors” (An approach which had been rejected in the extant ISA 600). We understand that the revised ISQM1 classifies component auditors who are not from the Group audit firm’s network as service providers <sup>1</sup>.

The language used in the standard should not create barriers, real or perceived, to utilizing a component auditor who is outside of the group auditors’ network. Doing so could have the unintended consequence of increasing concentration in the audit market because some smaller practitioners could be excluded from performing the audit of component auditors. In addition, because a common practice consists in having the same auditor performing the statutory audit and auditing the consolidation package, those smaller practitioners could also lose the statutory audit of the components.

In addition, we believe it would be helpful to have an explicit clarification that this ISA does not require that a minimum percentage of the audit of a group has to be performed by the group auditor’s network. We observe that in practice, some firms are explaining to their clients that auditing more than x% is a requirement of the standard.

As a principle, every matter related to ISA 600 should be in the standard ISA 600 and not in the other standards (or just as cross-referenced). The fact that the joint audit definition has been removed from ISA 600 and is only planned to be in the conforming amendments of ISA 220 in application material makes the link less visible. We suggest keeping the definition of joint audit as it is in the extant standard as joint audit is used also in group audit, in addition to the conforming amendment of ISA 200.

While we understand that a top down approach can be useful, we believe that not involving component auditors does not enable the group auditor to have an efficient risk assessment and does not favour professional scepticism when gathering audit evidence. Application material shows implicitly a combined approach (Top-down approach starting from the group financial statements combined with the extant practice of the decision tree Significant-non-significant components). We believe that the combined approach should be more explicitly referenced in the main body of the standard to avoid misinterpretation and underutilization of the component auditors in performing the audit.

---

<sup>1</sup> See ISQM1 Agenda item 2 <https://www.ifac.org/system/files/meetings/files/20200914-IAASB-Agenda-Item-2-A-ISQM-1-Draft-Clean-FINAL.pdf> - Definition § 16 (v) “Service provider (in the context of this ISQM) – An individual or organization external to the firm that provides a resource that is used in the system of quality management or in performing engagements. Service providers exclude the firm’s network, other firms within the network or other structures or organizations in the network. (Ref: Para. A105).

A105. In some circumstances, the firm may use resources that are provided by a service provider, particularly in circumstances when the firm does not have access to the appropriate resources internally. Notwithstanding that a firm may use resources from a service provider, the firm remains responsible for its system of quality management.

Examples of resources from a service provider

- Individuals engaged to perform the firm’s monitoring activities or engagement quality reviews, or to provide consultation on technical matters.
- A commercial IT application used to perform audit engagements.
- Individuals performing procedures on the firm’s engagements, for example, component auditors from other firms not within the firm’s network or individuals engaged to attend a physical inventory count at a remote location.
- An auditor’s external expert engaged by the firm to assist the engagement team in obtaining audit evidence.”

We believe that one key success factors for audit quality in a group audit is an effective and efficient two-way communication between the Group auditor and the component auditors. We think it should be more highlighted in the standard.

The standard is called “Special considerations – Audits of group financial statements (including the work of component auditors)” and is part of the series 600 in the ISA which is called “using the work of another auditor”. Moving from a component audit approach to a more “centralized” approach, where more work is planned and performed by the group engagement team, could potentially lead to duplicate work and quality issues in the statutory audits at the component level. If a large proportion of the work is performed by the group auditor with the view toward having an efficient group audit, there could be challenges associated with sharing the obtained audit evidence with the component auditor (who act as statutory auditors in many cases). In groups with regional Shared Services Centers it can be difficult for the component auditor to obtain audit evidence at the component level. As of today, in practice, when the component auditor, as statutory auditor, wants to be sure that he will get the adequate audit evidence gathered by the group auditor, or by the auditor of the Shared Services Centers, or wants to make sure that the materiality used of substantive work will be relevant for its statutory audit, the component auditor has to send “reversed instructions” which makes the process more complicated. It would be helpful if IAASB could elaborate on how audit evidence could be shared between the group auditor and the statutory auditor.

In terms of practicability, the key question is about the sufficiency of the work effort to be done by the group auditor on the work done by the component auditor and on the non-significant items of the financial statements. As the concept of “analytical procedures performed at group level” to address the non-significant components has disappeared, we understand that additional substantive work effort is expected. We believe that, in practice, it will be difficult for Group auditors to set expectations for non-significant components to support standards compliant substantive analytical procedures. Therefore, the consequence could be that the group auditor scopes in non-significant components and requests substantive procedures, beyond substantive analytical procedures, which would increase the work effort and cost of the audit, but not necessarily enhance the audit quality.

Last, we encourage a post-implementation review of the guidance, to gather practical issues and frequently asked questions, but also get feedbacks from all stakeholders to enhance the guidance, for the benefit of all. In connection with the discussion paper related to fraud and going concern released on the 15<sup>th</sup> September and open for comments until 12 January 2021 ( <https://www.iaasb.org/publications/fraud-and-going-concern-audit-financial-statements>) there could be also some outreach of those two topics on the Group audit dimension.

Overall, in order to enhance audit quality, we believe that the implementation of the revised standard ISA 600 will take time and requires some additional considerations as mentioned hereafter.

## **Request for comments**

1. *With respect to the linkages to other standards:*
  - a. *Does ED-600 have appropriate linkages to other ISAs and with the proposed ISQMs?*
  - 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?*

We believe that the linkages could be improved:

The new definition of the engagement team included in the ISA 220, which does reference the possibility of a joint auditors or a component auditor outside of the firm's network, and the consequences implied in the other standards such as ISQM 1 and 2, raises certain practical challenges for using auditors who do not belong the same network/firm as the Group engagement team. This narrow definition of the engagement team is reinforced by the examples of interactions (A44 and A46) between the group engagement team and the component auditors included in the ISA 600 which are only oriented towards component auditors of the same network. We believe that the implications from the new definition of the engagement team and the requirements of ISQM1 will create, in practice, an impediment to using firms that are not from the same network/firm, which we believe will lead to reduced competition for multinational engagements and could lead to lower quality on some engagements.

In addition, and as mentioned in our cover letter, we believe it would be helpful to have an explicit clarification that this ISA does not require that a minimum percentage of the audit of a group is performed by the group auditor's network. We observe that in practice, some firms are explaining to their clients that auditing more than x% is a requirement of the standard.

Also, we suggest keeping the definition of joint audit as it is in the extant standard as joint audit is used also in group audit. The fact that the joint audit definition has been removed from ISA 600 and is only planned to be in the conforming amendments of ISA 220 in application material could be misinterpreted to mean that group audits are not considered in ISA 600.

As a principle, every significant standard that is impacted by ISA 600 should be addressed in ISA 600 and not in the other standards (or just as cross-referenced).

Last, to enhance audit quality, the standard should emphasize that more interactions (especially regarding the assessment and views on audit risks, including operational ones) from the planning stage (including topics of interest such as scoping, management estimates, fraud, and going concern) between auditors and the audit committee would be helpful in order to assist the component auditors perform their own planning and to ensure they are applying appropriate professional skepticism.

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?*

We support the placement of sub-sections throughout ED-600, however, we recommend an appendix that collects all of the sub-sections and related application material for the "Considerations When Component Auditors are Involved".

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?*

No as it is not sufficiently specific to group audits. The guidance does not address the increased complexity of exercising professional skepticism when many components are involved. Additional application guidance addressing how the group engagement team and the component auditors should interact to ensure the proper exercise of professional skepticism, including the stand back requirement, we believe should increase audit quality.

We consider that a centralized approach without involving any component auditors will not increase professional skepticism; on the contrary, the group auditor will have only one source of information (i.e. group's management) and will not be able to corroborate the collected information with other sources of information (i.e. component's auditors)."

### **Specific Questions**

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).*

We believe that the definition of a group is not clear due to the definition of a "consolidation process" in paragraph 11.

#### *Proposed definition of group financial statements – Par. 9(k), 11, A16-A18*

We believe that the inclusion of "...through a consolidation process." in the definition of "group financial statements" adds undue complexity and will lead to confusion. Just because you have a consolidation, you do not necessarily have a group audit scenario. For example, you could have legal subsidiaries such as single property real estate entities or holding companies with no activity that would create a group scenario as defined. Conversely, just because you have a single legal entity and no elimination process does not mean that you do not have operations that are distinct and should be considered for auditing using separate materiality.

We would recommend that "... through a consolidation process" be removed from the definition or greater clarification of the "consolidation" concept used in the ED be provided.

While "consolidation process" is later defined, it is not used in the commonly understood context. 11a is a classic consolidation process. 11c technically is a combination, though we would not object to this being part of the definition as the considerations are essentially the same and we are only dealing with legal structure. However, the inclusion of 11b re: divisions or branches and the accompanying guidance in A17 and A18 adds a new concept and, as drafted is confusing, and may lead to inconsistent application of the guidance.

Lastly, while it makes sense to have the auditor be responsible for determining components, there is potential for conflict with the reporting structures of the company that may make it difficult or impossible to obtain summarized financial data at the level of the identified "component". As such, we would recommend including a consideration of the client's organizational and reporting structures when assessing the components of the business.

Overall the focus seems to more on legal and accounting structure versus the activities of the company. We would recommend either clarifying the guidance presently or adjusting the focus to the operational activities.

To illustrate our concerns, let's take as an example of an entity with several branches. According to paragraph A17, if the financial statements of the branches are maintained centrally (via an ERP), they do not represent consolidated financial statements. If, on the other hand, a chartered accountant prepares financial information for each branch that are then aggregated, then the corresponding information represents consolidated financial statements with reference to paragraph A17. Thus, in one case, we would have to apply the ED-600 and in the other case, we do not, for the same financial information at the end.

Last, a paragraph should be added in the scope to clarify that the ISA applies equally to the audit of single entities where there is reliance on another auditor.

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?*

We believe that scalability is a concept which applies in two directions: towards “simple/less complex” groups but also towards very complex groups (groups with different information systems, shared services centers, sub-consolidations, multi-activities, etc.).

We believe that the present ED ISA 600 is probably scalable for less complex groups but it is not clear that it is suited to address very complex groups without significant auditor judgment, that may not be clearly supported by the standard. We believe the approach of scoping by component in extant ISA 600 is probably better suited.

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?*

We generally agree with the revised definition of a component in paragraph 9(b) allows for greater auditor judgment in the scoping of a group audit and will hopefully improve the overall effectiveness and efficiency of such audits. However, while the revised definition adds some flexibility, we believe it will be used in only limited circumstances. The revised definition, does however, potentially increase the complexity of performing procedures for components that do not mirror “management’s view of the business”. The reporting and organizational structure of the business may not facilitate required aggregation of accounting data at the component level or provide a single management chain to address inquiries. Given the significance of this change in methodology, we suggest that the Board provide additional clarification or guidance as to how to address scenarios where the auditor’s determination of components does not conform with managements reporting structure beyond what is presently included in paragraph A12.

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?*

We generally support the guidance that is included in ED 600.

However, where there is no access to financial or other information on a specific component, the ED ISA 600 does not mention whether the materiality of the component would impact on the decision to accept or continue the engagement at group level. Ultimately the guidance links to ISA 705 regarding scope limitations. We believe that the potential challenges around access to information and people posed by a complex group audit warrants specific application guidance.

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:*
- a) *Whether the respective responsibilities of the group engagement team and component auditors are clear and appropriate?*

*Considerations of the Component Auditor – Pars 18-22*

We are challenged by 21(a) regarding the competence of the component auditor. While we believe that the type of analysis requested in Pars 18 and 19 should happen, the implementation as presented poses challenges. It is unclear to what extent the group engagement partner needs to go to fulfill this requirement. Use of the term “determine” in the par 20(a) appears to set a high bar that is not fully explained how to meet. Further guidance on the analysis expected could be provided in the application material.

Further, there could be many situations where the criteria in A42 and A43 are answered with negative responses. This could lead to a conclusion that there are "serious concerns" as presented in paragraph 22. While the term "serious" is not defined and could be open to significant interpretation, we would recommend that the guidance should allow for the possibility to implement safeguards to address the serious concerns. Should appropriate safeguards not be possible, we would agree with the proposal to not rely on work of the component. This approach would require a revision to first sentence of paragraph 22 as, it would now only apply to paragraphs 18-20. Lastly, additional guidance as to the definition of "serious" would be warranted. While an example is provided of a situation that may not be deemed serious, they do not provide any guidance of where the threshold to get to "serious" may be. We could see a scenario, for example, where for a banking client, the component auditor does not have past banking experience and thus is provided a manager resource from the central team as the safeguard, which may manage the risks / concerns. Lastly, these considerations may be better suited to being in the application guidance section of the standard.

- 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?*

We believe that the responsibilities of the component auditors should be more clearly presented in the main body of the standards to be clear that they are part of the engagement team.

The standard primarily promulgates a top-down approach. However, the group engagement team may not be able to identify certain risks that can only be identified locally, especially risks relating to tax issues or going concern or even fraud issues. For example, if there is a problem on local market with potential impact on the going concern of the group, the group may not be aware of it. We believe that in order to properly manage risk and improve audit quality, the component auditors need to be more actively involved in many engagements, and the proposed standard should emphasize such involvement.

- c) *What practical challenges may arise in implementing the risk-based approach?*

As there is no notion of coverage anymore, but only the requirement of determining further audit procedures (Tests of controls/Substantive testing) to address the risks or material misstatements, the standard should clarify if it means that there is an underlying requirement to audit non-significant elements of the financial statements and to let no residual items unaudited. In extant ISA 600, the residual population not covered by audit nor by further audit procedures were subject to analytical procedures at group level. The lack of guidance leaves open the never-ending question whether enough audit evidence have been obtained.

As mentioned in our cover letter, in terms of practicability, the key question is about the sufficiency of the work effort to be done by the group auditor on the work done by the component auditor and on the non-significant items of the financial statements. As the concept of “analytical procedures performed at group level” to address the non-significant components has disappeared, we understand that additional substantive work effort is expected. We believe that, in practice, it will be difficult for Group auditors to set expectations for non-significant components to support standards compliant substantive analytical procedures. Therefore, the consequence could be that the group auditor scopes in non-significant components and requests substantive procedures, beyond substantive analytical procedures, which would increase the work effort and cost of the audit, but not necessarily enhance the audit quality.

As mentioned in our cover letter, the standard is called “Special considerations – Audits of group financial statements (including the work of component auditors)” and is part of the series 600 in the ISA which is called “using the work of another auditor”. Moving from a component audit approach to a more “centralized” approach where more work is planned and performed by the group engagement team, could potentially lead to duplicate work and quality issues in the statutory audits at the component level. If a large proportion of the work is performed by the group auditor with the view toward having an efficient group audit, there could be challenges associated with sharing the obtained audit evidence with the component auditor (who act as statutory auditors in many cases). In groups with regional Shared Services Centers it can be difficult for the component auditor to obtain audit evidence at the component level. As of today, in practice, when the component auditor as statutory auditor wants to be sure that he will get the adequate audit evidence gathered by the group auditor or by the auditor of the Shared Services Centers or want to make sure that the materiality used of substantive work will be relevant for its statutory audit, the component auditor should send “reversed instructions” which makes the process more complicated. It would be helpful if IAASB could elaborate on how audit evidence could be shared between the group auditor and the statutory auditor.

As the revision of the standard is made to improve audit quality and consistency, we also believe that it should include that one of the key drivers for audit quality is to prepare more direct instructions. For key audit areas, including specific risks, such instructions might be in the form of work programs that set out the nature, timing, and extent of procedures. Such instructions would improve consistency of the work performed by the various component auditors and should lead to improved audit quality and a greater ability of the group auditors to gain comfort with the sufficiency of the procedures performed by the component auditors.

In discussing the “risk based approach for a group audit engagement” in the explanatory memorandum, consideration is noted to be given to “what, how and by whom and where, work is to be performed, in order to obtain the audit evidence required based on the group engagement team’s assessment of the risk of material misstatement. Implicit in that decision is the allocation of responsibilities between the group engagement team and the component auditors. Effective implementation of this ‘shared responsibility’ would be supported by more explicit guidance around the application of ISA 315 and ISA 330 to group audits. Such guidance could should address the identification and determinations as to the involvement of component auditors. In addition, further guidance regarding the response to identified risks and significant classes of transactions or accounts should lead to more effective planning and ultimately improved audit quality. Such guidance could address scoping the extent of procedures and components to apply the procedure to in order to obtain sufficient audit evidence to address the risk of material misstatement. Proper scoping would also support the analysis of aggregation risk upon completion of testing.

*9. Do you support the additional application material on the commonality of controls and centralized activities, and is this application material clear and appropriate?*

Yes. However, the application material could be developed by providing more examples on the factors to be considered when deciding on whether to rely on the controls and how to test them.

Additionally, the proposed standard does not include a clear expectation for the group engagement team to communicate the results of internal control procedures, whether positive or negative, that could impact the component auditors' design and extent of audit procedures. Failure to do so could result in insufficient procedures performed to address the risk of material misstatement, or over auditing. We recommend that an explicit requirement be added to communicate the results of internal control procedures performed on relevant common controls to the impacted component auditors by both the group engagement team and other component auditors.

When tests of effectiveness of controls are performed at a group or Shared Services Center level, understandably they are performed in a manner sufficient to support the group audit. In practice, this means that control selections will be spread across multiple component entities. In connection with group audits, there often are component level statutory audits performed where reliance on those group or Shared Service Center controls would improve audit quality. Given that the controls testing was not performed specifically to support the statutory audit, we understand that reliance on the controls testing for group audit purposes may be challenged and considered not sufficient audit evidence for the statutory audit. The result of this conclusion leads the statutory auditor to either perform local level "standalone" tests of effectiveness or to determine that a non-control reliance strategy should be employed. We believe that control reliance audit strategies generally lead to higher quality audits. The ability to rely on group or Shared Service Center control testing, when appropriate and without additional testing specific to the statutory audit entity, would increase the prevalence of control reliance strategies on such audits. Guidance on the linkage between the results of relevant controls testing performed for the group audit and the ability to leverage the results for statutory audits, where appropriate, would provide valuable assistance to auditors planning statutory audits related to group audits.

*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?*

Regarding the aggregation risk, the concept of aggregation risk is appropriate but the guidance as to how to assess aggregation risk is limited. We would encourage additional application guidance including examples to illustrate the concept.

Related to component performance materiality, we note that the concept of component materiality is not included in the ED. However, as noted in paragraph 44 (h), the group engagement team may request the "component auditor's overall findings, conclusions or opinion". We have concern as to the ability of the component auditor to provide a conclusion or opinion without having a materiality level to assess the potential for undiscovered audit differences in excess of known adjustments, that could aggregate an amount up to component performance materiality. We believe additional guidance on this topic would be beneficial to the component auditors.

Regarding the clearly trivial threshold (CTT), it is stated in paragraph 29 b that the CTT for the component financial information shall not exceed the CTT at group level. We believe that to manage the risk of aggregation, the CTT should be lower at component level and not equal to the group CTT as mentioned in paragraph A77.

Example: it can happen that the CTT given by the group auditor to the component auditor is so high in relation to the quantitative significance of the component that the likelihood of identifying an adjustment to report to the group auditors is near zero, thus potentially leading to less rigorous audit procedures. We have even observed CTT set above the component performance materiality.

In the post-implementation review of clarified ISA, there was a request to have more guidance on the calculation of component materiality as there many different practices observed. We believe that application guidance to calculate the performance component materiality is needed to ensure some consistency and increase audit quality.

11. *Do you support the enhanced requirements and application material on documentation, including the linkage to the requirements of ISA 230? In particular:*
- a) *Are there specific matters that you believe should be documented other than those described in paragraph 57 of ED-600?*

Paragraph A124 uses the term “significant matters” to describe what is required to be documented. It would be helpful to define the term “significant” or “significant matters” within the context of the documentation.

- 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?*

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

12. *Are there any other matters you would like to raise in relation to ED-600?*

As previously mentioned, joint audit should be mentioned in this ED ISA 600 as it is in the extant ISA 600.

As the standard is quite long, we would be in favor of an electronic interactive “handbook” as quickly as possible.

We observe that the sub-consolidation topic is not mentioned in the ED. We believe that it would be helpful to provide guidance on this as it is a way of enhancing audit quality. In practice, the group auditor often gives a materiality to the auditor of the sub-consolidation level and lets him/her perform the scoping and the determination of the materiality for each component included in the sub-consolidation. This practice creates a kind of an “obscure box” whereby the group auditor may consider that they have obtained 100% of coverage of the sub-consolidation, when in fact, certain components in the sub-consolidation may have been scoped out, leading for the potential of under auditing / scoping at the consolidated group level. We believe that the ED should address requirements for the group auditor to monitor the scoping and the materiality not only at the sub-conso level, but at all reporting levels in the group.

### **Request for General Comments**

13. *The IAASB is also seeking comments on the matters set out below:*
- 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.*

No comment.

- 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.*

A minimum of 18<sup>th</sup> month of implementation is required.