

PIOB Monitoring of Comment Letters submitted by MG/IFIAR Members/CEAOB
to the IAASB ED "Proposed International Standard on Auditing 600 (Revised) - Special Considerations—Audits of Group Financial Statements
(Including the Work of Component Auditors)" (published in April 2020)



As of December 2020

#	Respondent	Group	Issue	Public Interest Framework characteristic	MAIN Issues/Recommendations - Description (*)
International Organization of Securities Commissions (IOSCO)					
1	IOSCO	MG Member	Overarching	Scope	We appreciate the Paper's explicit emphasis on the fact that the group engagement partner is ultimately responsible, and therefore accountable, for managing and achieving quality on a group audit, including compliance with ISA 600 (Revised) as well as all other ISA requirements. We also appreciate the Paper's focus on the direction, supervision and review of the work of the CA by the group engagement partner and the GET. Having said this, we encourage the Board to emphasize in the final standard that the group engagement partner cannot be absolved from or otherwise delegate his/her responsibility for the planning and execution of the group audit.
2	IOSCO	MG Member	Overarching	Scope, Implementability & consistent application	In addition, we believe the Paper should be more robust in also articulating the requirements and responsibilities of CAs throughout the various stages of the group audit.
3	IOSCO	MG Member	Strengthen linkages to other ISAs	Coherence	We believe the applicability of other ISAs to group audits would be clarified and strengthened if the first sentence of that paragraph is rephrased to state "In an audit of group financial statements, all other ISAs must be considered and, where applicable, applied, in addition to this ISA." Further, if the Board continues to list particular ISAs that are relevant, it may be worthwhile to also include ISA 260, Communication with Those Charged with Governance, and ISA 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management, both of which may have differing implications in group structures.
4	IOSCO	MG Member	Enhance Scoping - Deviation from group management's views	Implementability & consistent application	We believe the Board should emphasize within paragraph 3, the need for the auditor to first understand management's view of the business prior to selecting an alternative approach to identifying components. (...). Once the auditor attains an understanding of group management's view of the business, it may be necessary to consider additional factors, beyond how management runs the business, to better determine components.
5	IOSCO	MG Member	Enhance definition of component	Implementability & consistent application, Clarity & conciseness	We believe the definition of component is too vague and inconclusive to drive consistent application of the standard by auditors. We believe that the definition and subsequent application by auditors would be enhanced if the Board were to first describe components of the business (we use the term "business component" for ease of reference) and then supplement that description with other process-oriented components (such as consolidation process or shared-service centers).
6	IOSCO	MG Member	Enhance definition of component	Enforceability, Clarity & conciseness	In addition, we encourage the Board to set clear expectations of whether some audit procedures need to be performed on all components. If no audit procedures are to be performed at certain components, the Board should provide guidance for the group engagement team to consider when evaluating aggregation risk.
7	IOSCO	MG Member	Align definitions with ISA 220	Coherence	We wanted to highlight a potential inconsistency in the definition of engagement team particularly considering an external expert and/or an external service provider. (...), it appears that under ISA 220 (Revised) [para. 10 (d) of the ED-ISA 220 from February 2019], an external expert engaged as a service provider would be excluded from the definition of engagement team, whereas, this same expert would be included in the definition of engagement team under ISA 600 (Revised) [para. A13 of the ED-ISA 600]. We encourage the Board to align the definitions between the two standards.

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8	IOSCO	MG Member	Enhance definition of component	Coherence, Timeliness	Because of differing effective dates of the standards, even when the Board aligns the related engagement team definitions may be a period of time when the definitions differ. As such, we encourage the Board to consider the potential implications for group auditors if ISA 600 (Revised) and ISA 220 (Revised) have different effective dates.
9	IOSCO	MG Member	Clarify involvement of CAs in risk assessment	Enforceability, Clarity & conciseness	It is still unclear how the component auditor's assessment of risk at the component level is expected to affect the group engagement team's assessment (or vice versa). For example, should the group auditor be providing its group level risk assessment to the component auditor to assist in determining the extent of risk and procedures to be performed at the component level (or is it vice versa, or continuous, etc.)?
10	IOSCO	MG Member	Aggregation risk - clarification	Clarity & conciseness	While we appreciate the definition [of aggregation risk], we believe the broader concept that "aggregation risk increases as the number of components increases at which audit procedures are performed separately, either by CA or other members of the engagement team" as discussed in EM para. 80, should be explicit in the standard or application material. This will further strengthen the auditor's consideration of aggregation risk in a group audit.
11	IOSCO	MG Member	Retain "Significant component" (extant ISA 600)	Implementability & consistent application	We are concerned that the removal of the concept of "significant component" might have unintended consequences, including challenges for auditors to consistently apply the standard, potentially reducing the work performed by auditors thus potentially reducing audit quality in a group audit. We believe the retention of the concept of "significant component" with enhanced procedures around the risk of material misstatement, enhanced communication requirements from component auditor to group auditor (as well as component to component communication, where appropriate) would be a more effective approach in driving auditors to perform sufficient audit procedures.
12	IOSCO	MG Member	Enhance Component materiality	Implementability & consistent application, Clarity & conciseness, Enforceability	We believe paragraph 29 and the related application material did not go far enough to assist the auditor in determining how the group materiality under ISA 320 for the group financial statements, as a whole, is intended to flow through to the determination of component materiality. Currently, the Paper is too broad and subjective which could make it challenging for auditors to consistently and appropriately establish component performance materiality. We believe additional guidance, including quantitative considerations, need to be included in the Paper to address component performance materiality and its effect on the materiality of the group audit [para A73].
13	IOSCO	MG Member	Enhance stand back analysis	Relevance, Clarity & conciseness	The GET should be required to assess whether the aggregation risk of the group audit is at an acceptable level considering all the audit evidence evaluated. We believe aggregation risk is particularly important in a group audit and warrants further attention when the group engagement team performs a "stand back" evaluation as required in paragraph 49. As a result, we believe it would be appropriate to include additional guidance for the group engagement team to assess aggregation risk (...) as part of the "stand back" analysis.
14	IOSCO	MG Member	Fraud requirements at component level	Relevance, Clarity & conciseness	We believe the Paper could be strengthened by encouraging the group auditor to engage in fraud risk brainstorming sessions that include component audit teams, with the objective of identifying fraud risks at the component level. There is little emphasis on developing procedures at the component level to inform the GET's overall fraud assessment.

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15	IOSCO	MG Member	Fraud requirements	Relevance, Clarity & conciseness	We also note that several frauds have occurred via the consolidation process and the related adjustments. The Paper could be strengthened by alerting the group auditor to the heightened possibility for the occurrence of fraud during the consolidation process, and by incorporating additional references to fraud risks in the Paper.
16	IOSCO	MG Member	Documentation requirements	Enforceability	The concept discussed in paragraph A124 is critical and should be explicitly stated within the requirements of the standard. In addition, we believe the Paper needs to require the group auditor to document that it has obtained a sufficient understanding of the components.
17	IOSCO	MG Member	Enhance guidance on access restriction	Enforceability, Implementability & consistent application	While we appreciate the inclusion of a requirement to document significant matters related to restrictions on access to people or information, we believe the requirements [para. 57] and the related Application Material (paragraphs A124, A129-A130) are lacking in sufficient specificity to direct the auditor's work effort.
18	IOSCO	MG Member	Documentation requirements	Coherence, Enforceability	We question whether reference to ISA 230 is sufficient. Perhaps in addition to references to ISA 230, an explicit requirement within the Paper regarding group audit documentation would be more effective.
19	IOSCO	MG Member	Clarify Communication by CAs	Implementability & consistent application, Clarity & conciseness	We believe practice issues have arisen, in part, as a result of the standard allowing component auditors to provide findings, conclusions or opinions without defining these terms (para. 44 (h)). What does it mean for an auditor to provide each of these, and when is the use of each appropriate? The Board should review and provide guidance in the Application Material on how the terms "findings", "conclusions", as well as "opinions" or the memos used to communicate these outputs, are meant to be applied based upon the type of engagement the group auditor directs the component auditor to perform, and also clarify which of the related deliverables expected of the component auditor.
20	IOSCO	MG Member	Strengthen two-way communication with CAs	Enforceability, Implementability & consistent application	We are concerned where the component auditor only provides an "opinion" or a memo on their work to the group engagement partner. We believe this could encourage the group engagement partner to place undue reliance upon such an opinion or memo. In addition, the use of an opinion by the component auditor seems inconsistent with (1) the fact that the component auditor is a member of the group engagement team and (2) the general intent of the Paper that portrays the work of the component auditor as a collection of specified procedures. We believe the component auditor should provide a report of its findings or the results of applying procedures. If opinions are retained in the Paper, then it should be emphasized in the requirements that the group auditor cannot rely on the opinion provided by the component auditor as the sole form of audit evidence over that component.
21	IOSCO	MG Member	Address Letterbox companies	Scope, Relevance	We are of the view that the Paper does not fully convey or discuss in sufficient detail the unique challenges that can exist where the engagement partner is not located in the jurisdiction where the majority of the audit work is performed (referred to by some as audits of letter box companies). We believe the Paper should clearly state whether it covers letterbox audits or not, and if it does, how this guidance applies to the group auditor.

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Basel Committee on Banking Supervision (BCBS)					
1	BCBS	MG Member	Overarching	Scope	<p>The Committee welcomes the IAASB's decision to revise ISA 600. It agrees with the importance of the issues highlighted in ED-600 and is overall supportive of the proposed approach. The following elements of ED-600 are particularly important to the Committee.</p> <ul style="list-style-type: none"> * The development of the risk-based approach for the audits of group financial statements. * It is important that the special considerations applicable to the audit of group financial statements should not take away from the requirements to apply all relevant ISAs to the group audit. ED-600 could be clearer in this regard (see further comments below). * The fact that ED-600 clarifies the respective responsibilities of the group engagement team and the component auditors and the interaction between them, and the emphasis on the importance of the two-way communication between the group engagement team and the component auditor. * The increased linkages to ISA 220 and the International Standard on Quality Management (ISQM) standards.
2	BCBS	MG Member	Strengthen linkages to other ISAs	Coherence	<p>We would, however, prefer the first sentence of paragraph 1 in ED-600 to be more explicit (or for it be explained in the application material) that the auditor should apply the requirements and application material of all relevant ISAs when undertaking an audit of group financial statements and that this standard (ISA 600) does not repeat the requirements and application material in those ISAs.</p>
3	BCBS	MG Member	Additional communication requirements	Enforceability	<p>The standard could be strengthened by inserting a new paragraph after 20(c), requiring the group engagement partner to obtain confirmation from the component auditors that they will promptly inform the group engagement team should they become aware of any breach of ethical requirements.</p> <p>In addition, the requirements could be strengthened by adding a new paragraph 41(c) to require that the component auditor report any breaches in laws and regulations of which they become aware.</p>
4	BCBS	MG Member	Strengthen guidance on differences of opinion (links to ISA 220)	Coherence, Clarity & conciseness	<p>We believe that ISA 600 should include application material to clarify how to resolve differences in opinion when the component auditor is not from the same network firm as the group engagement team, since that paragraph is written assuming a single audit firm.</p>
5	BCBS	MG Member	Strengthen guidance on use of experts (links to ISA 620)	Coherence, Clarity & conciseness	<p>The Committee believes that ED-600 should expand on the requirements of ISA 620 regarding the group engagement team's responsibility in determining whether to use an expert, as well as the nature, timing and extent of the expert's work for the group and the components in the group. In particular, the Committee seeks clarity as to the group auditor's responsibility in respect of the component auditors' use of experts. If the component auditor can make use of experts independently, we believe ISA 600 should state that the group engagement team should be made aware and provide guidance to the component auditor (...).</p>
6	BCBS	MG Member	Require understanding of regulatory environment (links to ISA 250)	Coherence, Clarity & conciseness	<p>The Committee believes that considerations of laws and regulations are crucial in a group audit, as entities or business units in a group might operate in different jurisdictions and industries which give rise to different local laws and regulations that could materially affect the group as a whole. We suggest that the application material in paragraph A56 related to relevant regulatory factors be elevated and moved to the main standard paragraph 24(a)(i)(d).</p>

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7	BCBS	MG Member	Strengthen exercise of PS	Relevance, Enforceability	Consideration should be given to expand how the use of professional scepticism can be documented in the auditor's work-papers. More specifically, we suggest that the documentation referred to in ED-600 paragraph 57(d) include a discussion of the procedures performed, the nature of the audit evidence, and basis for the auditor's conclusions. Documentation should include how evidence that contradicted management's assertions was considered.
8	BCBS	MG Member	Retain para. 2 of extant ISA 600	Scope, Clarity & conciseness	Paragraph 2 of the extant ISA 600 has been deleted for the reasons set out in paragraph 28 of the EM. We think the retention of this paragraph may still be useful to deal with other scenarios that are not obviously covered by other ISAs, and where many of the principles and requirements of this standard would be relevant consideration.
9	BCBS	MG Member	Strengthen guidance on restriction of access	Clarity & conciseness	In particular, we are supportive of ED-600 not alleviating the requirement for the group engagement team to obtain sufficient appropriate audit evidence and including application material to overcome restrictions on access to information or people and deal with this situation. Additional drafting suggestions or matters of clarity: * We recommend that paragraph 13 specifies that, as a minimum, the group engagement team should obtain an understanding of the relevant laws and regulations applying to the group that may impose restrictions on the ability of group engagement team to receive information. * paragraph A21: the application material could be usefully expanded to suggest that the group engagement partner should seek an understanding of the level of ownership and control over entities within the reporting entity. * paragraph A22: the illustrative sources of information are almost all internal to the audited entity. It would be beneficial for the auditor to also consider whether there are more third party sources that could provide relevant information. * paragraph A35: the group engagement team could also request that the component auditor should inform the group engagement team at the earliest opportunity of any matters that may mean the component auditor is not able to conduct the work as directed by the group engagement team or that otherwise might impose restrictions on information sharing.
10	BCBS	MG Member	Strengthen documentation requirements	Enforceability	The Committee believes that discussions of significant matters with management, those charged with governance, and others such as regulatory authorities, including the nature of the significant matters discussed and when and with whom the discussions took place should be included in the items in ED-600 paragraph 57 to be documented, in line with ISA 230 paragraph 10.

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International Association of Insurance Supervisors (IAIS)					
1	IAIS	MG Member	Overarching	Scope	<p>Overall, the IAIS is supportive of the proposals in the consultation. The following points are considered particularly important:</p> <ul style="list-style-type: none"> * The adoption of a risk based approach and increased linkages with other standards. * Emphasis on the application of the quality management standards to the engagement. * Emphasising the responsibility of the Group Engagement Team and Partner to gather sufficient appropriate evidence and manage quality at the engagement level. <p>Although the IAIS is supportive of the proposals in the consultation, we do have suggested improvements that would be useful for audits, including for those in the insurance sector. The IAIS recommends that ISA 600 includes more guidance on how ISA 620 Using the Work of an Auditor's Expert and ISA 220 should be considered in group audits.</p>
2	IAIS	MG Member	Strengthen guidance on differences of opinion (links to ISA 220)	Coherence, Clarity & conciseness	<p>The IAIS is aware that differences in opinion can arise in a group audit context given their complex nature and this is especially the case given the complexities that exist in the insurance sector. The IAASB should consider providing greater guidance in this area, for example through the group engagement partner communicating the relevant policies and procedures for dealing with and resolving differences with the component auditor at an early stage.</p>
3	IAIS	MG Member	Strengthen guidance on use of experts (links to ISA 620)	Coherence, Clarity & conciseness	<p>The IAIS believes that ISA 620 can be very relevant for group audits where specialist knowledge and expertise is often required, especially in the insurance sector. As such, we recommend that ISA 600 address the group engagement team's responsibility in determining whether to use an expert. It should also consider the group engagement team's input into the nature, timing and extent of the expert's work for the group and the components audits.</p>
4	IAIS	MG Member	Require understanding of regulatory environment (links to ISA 250)	Coherence, Clarity & conciseness	<p>The group engagement team should obtain an understanding of the legal and regulatory framework that may affect the group (including any components) and the sectors in which it operates. In addition, understanding how the components are complying with that legal and regulatory framework may also aid the group engagement team in understanding the risks of the firm and how these have been addressed by the component auditor. As such, we suggest that the application material in paragraph A56 "relevant regulatory factors"1 is included in the standard paragraph 24(a)(i)(new d).</p>
5	IAIS	MG Member	Retain para. 2 of extant ISA 600	Scope, Clarity & conciseness	<p>It may be useful to retain paragraph 2 in the current ISA 600 (which has been deleted in ED-600). This paragraph indicates that the principles in the standard may be relevant to other scenarios outside the scope of the standard (e.g. when the audit involves other auditors in the audit of financial statements that are not group financial statements).</p>

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Committee of European Auditing Oversight Bodies (CEAOB)					
1	CEAOB	CEAOB	Overarching	Scope	<p>The CEOB supports the IAASB project to revise ISA 600 to enhance provisions applicable by auditors in audits of group FS. We particularly support the following changes made: alignment of the risk-based approach in ED 600 with the recently revised ISA 315; further emphasis on the applicability of all ISAs (...); revised structure to outline the requirements for situations where CA are involved (...).</p> <p>Although the CEOB is generally supportive of the ED 600 proposals, we believe that several aspects of ED 600 should be further improved as described hereafter.</p>
2	CEAOB	CEAOB	Involve CAs in risk assessment	Clarity & conciseness, Enforceability	<p>We are supportive of the introduction of the risk-based approach in auditing the FS of a group and greater alignment with the requirements in ISA 315. However, we are concerned that the group engagement team might perform a centralised risk assessment without giving adequate consideration to the involvement of component auditors. There is no requirement in ED 600 to make use of the experience of component auditors and to benefit from their knowledge about the economic, legal and social framework the components operate in. If component auditors are involved, we suggest requiring the group engagement team to request their input as part of the risk assessment process and where deemed necessary in the design of further audit procedures, including where the GET decides to perform these tasks centrally.</p>
3	CEAOB	CEAOB	Guidance on risk assessment	Implementability & consistent application	<p>The new risk-based approach proposed in ED 600 will require a substantial change in mind-set for auditors and the IAASB should consider what additional guidance can be provided to assist with this shift and to help auditors and audit firms to embrace the new mind-set. For example, the standard refers to the risk-based approach to determining the work efforts required to assess the CA's work, but it does not provide clear provisions on how that risk-based approach impacts the actual procedures to be performed by the GET.</p>
4	CEAOB	CEAOB	Strengthen linkages to other ISAs	Coherence	<p>The explanatory memorandum is clearer than ED 600 that the full suite of ISAs are the foundation on which ISA 600 is based. ED 600 needs to make it clear in the requirement section that the special considerations set out in ISA 600 are in addition to those in the other standards. We further recommend specifying the reasons for including references to specific ISAs in ED 600 and for not addressing others. Similarly, the statement in the introductory paragraph 6, should be changed to a requirement clarifying that the group engagement partner should ensure compliance with all the ISAs that are applicable to the group's circumstances.</p>
5	CEAOB	CEAOB	Enhance Scoping - Deviation from group management's views	Implementability & consistent application, Enforceability	<p>There might be a risk of inappropriate scoping to achieve efficiencies in the audit at the cost of quality [when the auditor deviates from group management's views]. It should be made clear in the standard that the group auditor should take into account the reporting processes of the group and the financial information as collected and prepared by the components defined by group management and they should evidence the professional judgments applied in reaching their conclusions as to the most appropriate scoping for audit purposes. Unless there are compelling reasons to deviate from the group structure - which have to be documented - the group engagement team's view of the components for purposes of the group audit should be aligned to group management's view. We suggest further clarifying the impact of this progressive approach on the auditor's risk analysis, controls testing as well as audit approach.</p>

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6	CEAOB	CEAOB	Additional procedures to overcome restrictions	Clarity & conciseness, Enforceability	Paragraphs 16 and 17 in conjunction with A29 could be read that a discussion with the component auditor about the procedures performed is sufficient by itself for the group auditor to rely on those procedures to overcome restrictions on access to information or people. Similarly for entities accounted for using the equity method, paragraph A29 could be read that access restrictions might be overcome by considering information as the sole procedure. In our view these procedures alone do not satisfy the requirement to obtain sufficient appropriate audit evidence.
7	CEAOB	CEAOB	Additional guidance on Component materiality	Implementability & consistent application, Clarity & conciseness,	ED 600 provides little guidance for determining component materiality (paras. 29 and A73), which may lead to wide variation in practice. We urge the IAASB to provide further explanations and illustrations on the determination of component materiality (e.g. minimum or maximum positions/ranges, etc.) and add extensive descriptions and/or give practical examples of aggregations risks.
8	CEAOB	CEAOB	Additional guidance on consolidation and fraud	Relevance, Clarity & conciseness	The consolidation process is one of the areas where there have been recurring inspection findings by a number of CEOB members. The topic of consolidation is highly important. Hence, further emphasis on the consolidation process could be useful in the Identifying and Assessing the Risks of Material Misstatement section of ED 600. Additionally we note that fraud can occur via consolidation adjustments. We are of the view that reference to fraud risks and tendencies for fraud when addressing consolidation would be useful beyond paragraph A80.
9	CEAOB	CEAOB	Additional guidance on Responding to assessed risks of material misstatement	Coherence, Clarity & conciseness, Enforceability	We believe that the requirement of paragraph 34 should be that the group engagement team not only “take responsibility” for designing and performing further audit procedures. The team, with the involvement of the component auditor(s) where deemed necessary, should also “design and perform” those procedures, including those stipulated in subparagraphs (a) and (b). Additional provisions in ED 600 should also explain how ISA 330 paragraph 18, requiring the GET to design and perform substantive procedures, shall be considered in a group audit setting. ED 600 should also clarify how to apply ISA 500 paragraph 10 which deals with the selection of items to obtain audit evidence. This aspect is particularly important when a group is composed of a several small individual components that cannot be grouped within one component.
10	CEAOB	CEAOB	Enhance two-way communication with CAs	Clarity & conciseness, Enforceability	Establishing clear and sufficiently detailed instructions for the CA is fundamental for the planning and performance of the group audit. Therefore, we are of the view that ED 600 (e.g. paragraph 43) should specifically request written instructions for the CA. We further suggest including the following matters in the requests for communication detailed in paragraph 44: Details and results of risk assessment procedures of the CAs on the risks of the component that are relevant at group level (beyond para. 25); Details and results of the component auditors’ work where the CA is involved in the identification and assessment of the risks of material misstatement (para. 32); communication referred to in paras 37 and 38. Para. 44 only refers to the component’s compliance and also it is unclear what the threshold is for non-compliance matters that are to be documented by the group auditor.
11	CEAOB	CEAOB	Enhance communication with TCWG	Relevance, Clarity & conciseness	Additional provisions [beyond para. 53 to 56] should be added in ED 600 to cover the specificities of the communication with TCWG in a group audit situation regarding ethics and independence.

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12	CEAOB	CEAOB	Enhance oversight of Cas work	Relevance, Clarity & conciseness, Enforceability	<p>We believe that the provisions in para. 49 (and A115) should be enhanced to further stress the requirement for the group auditor to appropriately evaluate audit evidence stemming from the work of component auditors and to clarify the level of review required on the procedures performed by the component auditors to gather this evidence.</p> <p>Weaknesses in the review of component auditors' work by the group engagement team is a concern identified during inspections by audit regulators, which highlights a deficiency in the extant ISA 600. In the ED 600, we note there is still limited guidance on the review expected. In our view these provisions [para 23 and 45 (b)], associated with the application material, are still insufficient to determine the level of review needed and should be further developed. In particular, we recommend that the IAASB explores situations in which a review of the component auditor's work should be mandatory.</p>
13	CEAOB	CEAOB	Documentation requirements	Enforceability	<p>Deficiencies in documentation are also a key concern identified during many inspections by audit regulators. We suggest adding an explicit reference for compliance with ISA 230 and elaborating further on the specificities of the group audit. Additional audit documentation should be required on the group audit file in paragraph 57: para. A126 should be elevated to a requirement; nature, timing and extent of the audit procedures performed by the CA that have been reviewed and the result of those reviews; the fact that documentation included in the group audit file should be sufficient to enable an evaluation whether the GET has obtained sufficient and appropriate audit evidence (including on the work performed by CA) on which to base the group audit opinion; procedures performed (and their results) when assessing the competence and capability of the CA.</p>
14	CEAOB	CEAOB	Joint audits	Implementability & consistent application	<p>We draw the IAASB's attention to the need for ISA 600 to take into account or be compatible with situations where the group audit is performed by joint auditors, since this is allowed by European law. We welcome the conforming amendment of ISA 220 paragraph A15A but we suggest a further reference to joint audit be made at the beginning of the standard, by reference to ISA 220 if needed.</p>

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International Forum of Independent Audit Regulators (IFIAR)					
1	IFIAR	MG Member	Overarching	Scope	We support the direction of the proposed standard to clarify linkages with other standards and address special considerations in an audit of group FS, including highlighting the requirements when a component auditor (CA) is involved. However, there are areas where: (1) the linkages to other standards could be further emphasized, (2) some requirements could be strengthened, and (3) application material could be added to further improve the standard.
2	IFIAR	MG Member	Approval & Effective date	Timeliness	We strongly recommend that the IAASB aim to finalize the amended standard as expeditiously as possible and no later than June 2021 (rather than September 2021). We believe the earliest effective date of ED-600 could be for audits of companies with yearends beginning on or after December 15, 2022; which is aligned with the effective dates for the revised quality management standards.
3	IFIAR	MG Member	Enhance Scoping - Deviation from group management's views	Implementability & consistent application, Enforceability	While an auditor view of the entities and business units comprising may provide more flexibility and potentially assist with scalability, the level of complexity in practice for auditors may increase the risk of inappropriate application. There may be an increased risk of inappropriate scoping to achieve efficiencies in the audit at the cost of quality. We recommend the IAASB consider a requirement for the group engagement team (GET) to document its rationale when the auditor's view of the components differs from management's and the consequential impact of this on the risk assessment, testing of internal controls and substantive testing.
4	IFIAR	MG Member	Involve CAs in risk assessment	Clarity & conciseness, Enforceability	As part of the assessment of risks at the group financial statement level, the GET should, where CAs are involved, request the CA provide input to the relevant risk assessments at the component level which are relevant for the group audit.
5	IFIAR	MG Member	Additional guidance on Component materiality	Clarity & conciseness, Enforceability	We support the direction of the new component performance materiality definition. Additional qualitative considerations are necessary to assist auditors in determining component performance materiality while considering aggregation risk.
6	IFIAR	MG Member	Separate component materiality requirement	Clarity & conciseness, Enforceability	Para. A 73 indicates that a different component materiality may be established for each component where audit procedures are performed. This should be developed as a requirement which should clearly state that consideration should be given to the need for a separate component materiality to be determined for each component based on the specific characteristics and facts (A75).
7	IFIAR	MG Member	Additional Fraud requirements	Relevance, Clarity & conciseness	Frauds can be perpetrated via consolidation and other adjustments. Therefore, we recommend including additional references to the risks of material misstatement due to fraud. In addition, the guidance in A 80 which states that the auditor may consider whether the risk of material misstatement due to fraud is higher for particular components should instead be a requirement to consider whether and how identification and assessment of fraud risks may vary by component.

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#	Respondent	Group	Issue	Public Interest Framework characteristic	MAIN Issues/Recommendations - Description (*)
8	IFIAR	MG Member	Reinforce two-way communication with CAs	Clarity & conciseness, Enforceability	To reinforce the two-way communication between the GET and CA we encourage the IAASB to add the following items to the requirements in para. 14: * A116 should be a requirement for the GET to request the CA to communicate identified and corrected misstatements in addition to uncorrected misstatements. * There is no explicit requirement for the CA to communicate matters and/or accounts balances where the CA made significant judgments that are different from those communicated by the GET to the CA. This should be included as a required communication by the CA to the GET.
9	IFIAR	MG Member	Strengthen CA oversight	Clarity & conciseness, Enforceability	There is limited guidance on when a group auditor is expected to visit CAs or when the GET should review the CA's documentation. The ED proposes that the higher the auditor's assessment of risk, the more persuasive audit evidence needs to be obtained and more involvement of the GET would be expected. The requirements in paragraph 32 should include additional application material on actions the GET can take as the risk associated with a component increases.
10	IFIAR	MG Member	Strengthen CA oversight	Clarity & conciseness, Enforceability	The ED leaves too much flexibility for the GET to conclude that it is not necessary to visit or review the working papers of the CA where the CA is part of the same network of firms. We recommend that the requirements be strengthened by moving the application material in A113 into the requirements section.
11	IFIAR	MG Member	Clarify guidance - restriction on access to information and people	Clarity & conciseness, Enforceability	It is not clear what the objective or purpose of such communication [referred to in paragraph A30 with regulators, listing authorities or others] is or how it helps overcome the concerns arising from the access to information and/or people. While we support the direction of the proposed revisions, additional guidance is needed to understand and demonstrate how aspects of access restrictions could be overcome.
12	IFIAR	MG Member	Additional guidance on documentation	Enforceability	The requirements in para. 57 and related application material include clear linkages to ISA 230. However, we recommend including additional requirements with the appropriate application material related to the level of detail expected to support the GET's review of the CA working papers.
13	IFIAR	MG Member	Enhance linkage with QMS	Coherence	Additional application material is necessary to understand the interrelationship between the ED and ISQM 1/ISQM 2 with respect to the responsibilities of the GET and reliance on the firm's system of internal controls: * we suggest clarifying the link between the policies and procedures of the firm or common network requirements or network service and how the GET may use this information for communications. * there should be a stronger linkage to ISQM 1 in A 42 to A 44 regarding the competence and capabilities of the CAs. * A39 should be enhanced to emphasize the GET's and CA's responsibility over compliance with the relevant ethical requirements, including those related to independence. (...) it is vitally important that TCWG and the users of the audit report be aware of the existence of any independence issues.
14	IFIAR	MG Member	Implementation guidance with ISQM1	Coherence, Implementability & consistent application	The IAASB should consider how to address instances that may arise in the first year of implementation where GETs and the firm rely on policies and procedures at a network firm that have been implemented but not yet evaluated in accordance with the requirements of new ISQM1. We recommend including guidance and/or application material in conjunction with ISQM 1, including any responses/policies and procedures that may be relevant that the GET relied on.

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Canadian Public Accountability Board (CPAB)					
1	CPAB	IFIAR Member	Overarching	Scope	We support the direction of the standard to clarify the linkages with other standards and address special considerations in an audit of group FS. We further support the structure of ED-600, with the inclusion of subsections that highlight the requirements when a CA is involved. There are areas where the linkages to other standards could be strengthened, and/or application guidance is necessary.
2	CPAB	IFIAR Member	Approval & Effective date	Timeliness	The release of ED-600 is long overdue. The earliest effective date of ED is for group FS for periods beginning on or after December 15, 2022, which is aligned with the anticipated effective dates for the revised quality management standards. We strongly recommend the IAASB aim to finalize this proposed standard no later than June 2021 to support this implementation date.
3	CPAB	IFIAR Member	Enhance Scoping - Deviation from group management's views	Implementability & consistent application, Enforceability	We acknowledge that an auditor's view of the entities and business units comprising may provide more flexibility and potentially assist with the scalability of the standard. This may increase the level of complexity in practice for auditors and could also increase the risk of inappropriate application. There is an increased risk of inappropriate scoping to achieve efficiencies in the audit at the cost of quality. We recommend the IAASB consider including additional application material on scoping to assist auditors. It should also emphasize the requirement for the group engagement team (GET) to evidence their judgments where the auditor's view of the components differs from management's and the consequential impact on the risk assessment, testing of internal controls and substantive testing.
4	CPAB	IFIAR Member	Involve CAs in risk assessment	Clarity & conciseness, Enforceability	As part of the assessment of risks at the group financial statement level, the GET should, where CAs are involved, request the CA provide input to the relevant risk assessments at the component level which are relevant for the group audit.
5	CPAB	IFIAR Member	Additional guidance on Component materiality	Clarity & conciseness, Enforceability	We support the direction of the new component performance materiality definition. Additional qualitative considerations are necessary to assist auditors in determining component performance materiality while considering aggregation risk.
6	CPAB	IFIAR Member	Separate component materiality requirement	Clarity & conciseness, Enforceability	Para. A 73 indicates that a different component materiality may be established for each component where audit procedures are performed. This should more explicit as a requirement that a separate component materiality must be determined based on the specific characteristics and facts.
7	CPAB	IFIAR Member	Additional Fraud requirements	Relevance, Clarity & conciseness	Frauds can be perpetrated via consolidation and other adjustments. Therefore, we recommend including additional references to the risks of material misstatement due to fraud. In addition, the guidance in A 80 which states that the auditor may consider whether there are components for which the risks of material misstatement due to fraud is higher should be a requirement.

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8	CPAB	IFIAR Member	Reinforce two-way communication with CAs	Clarity & conciseness, Enforceability	To reinforce the two-way communication between the GET and CA , we encourage the IAASB to add the following items to the requirements in para. 14: * A116 should be a requirement for the GET to request the CA to communicate adjusted items. * There is no explicit requirement for the CA to communicate matters and/or accounts balances where the CA made significant judgments that are different from those communicated by the GET to the CA. This should be included as a required communication by the CA to the GET.
9	CPAB	IFIAR Member	Strengthen CA oversight	Clarity & conciseness, Enforceability	There is limited guidance on when a group auditor is expected to visit CAs or when the GET should review the CA's audit working papers. The ED proposes that the higher the auditor's assessment of risk, the more persuasive audit evidence needs to be obtained and more involvement of the GET would be expected. The requirements in paragraph 32 should include additional application material on actions the GET can take as the risk associated with a component increases.
10	CPAB	IFIAR Member	Strengthen CA oversight	Clarity & conciseness, Enforceability	The ED leaves too much flexibility for the GET to conclude that it is not necessary to visit or review the working papers of the CA where the CA is part of the same network of firms. The provisions [in Para. 45 (b)], associated with the application material (A113) are insufficient to determine the level of review needed and should be strengthened by including a requirement for the group engagement partner to evidence their oversight as defined by ISA 230 and revised ISA 220.
11	CPAB	IFIAR Member	Clarify guidance - restriction on access to information and people	Clarity & conciseness, Enforceability	It is not clear what the objective or purpose of such communication [referred to in paragraph A30 with regulators, listing authorities or others] is or how it helps overcome the concerns arising from the access to information and/or people. While we support the direction of the proposed revisions, additional guidance is needed to understand and demonstrate how aspects of access restrictions could be overcome.
12	CPAB	IFIAR Member	Additional guidance on documentation	Enforceability	The requirements in para. 57 and related application material include clear linkages to ISA 230. However, we recommend including additional requirements with the appropriate application material related to the level of detail expected to support the GET's review of the CA working papers.
13	CPAB	IFIAR Member	Enhance linkage with QMS	Coherence	Additional application material is necessary to understand the interrelationship between the ED and ISQM 1/ISQM 2 with respect to the responsibilities of the GET and reliance on the firm's system of internal controls: * we suggest clarifying the link between the policies and procedures of the firm or common network requirements or network service and how the GET may use this information for communications. * there should be a stronger linkage to ISQM 1 in A 42 to A 44 regarding the competence and capabilities of the CAs. * A39 should be enhanced to emphasize the GET's and CA's responsibility over compliance with the relevant ethical requirements, including those related to independence. (...) it is critical that TCWG and the users of the audit report be aware of the existence of any independence issues.
14	CPAB	IFIAR Member	Implementation guidance with ISQM1	Coherence, Implementability & consistent application	The IAASB should consider how to address instances that may arise in the first year of implementation where GETs and the firm rely on policies and procedures at a network firm that have been implemented but not yet evaluated in accordance with the requirements of new ISQM1. We recommend including guidance and/or application material in conjunction with ISQM 1, including any responses/policies and procedures that may be relevant that the GET relied on.

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UK Financial Reporting Council (UK FRC)					
1	UK FRC	IFIAR Member	Overarching - support	Scope	The following areas within the proposed standard are instrumental in enhancing audit quality in group audits: The new 'risk-based' approach to planning and performing group audits; emphasis that ED-600 is supplemental to the requirements and application material in all ISAs; the revised definition of a component that reflects the 'auditor's view'; emphasis on more robust communications and interactions between the group engagement partner, the GET and CAs; and emphasis on the importance of professional scepticism.
2	UK FRC	IFIAR Member	Effective date	Timeliness	The revision this standard is long overdue. To allow time for implementation by audit firms, we recommend that there are no unnecessary delays to its finalisation. We strongly urge the IAASB to finalise the standard no later than June 2021 and align the effective date with that of the revised quality management standards (ISA 220, ISQM1 and ISQM2).
3	UK FRC	IFIAR Member	Communication with TCWG (ISA 260)	Coherence, Comprehensiveness	Depending on the circumstances of the group audit, the planned scope and timing of the audit, including the extent to which CAs are involved, may be extremely complex. Where such complex arrangements exist, it will be even more important for group auditors to communicate effectively with TCWG and group management. Accordingly, we recommend the requirement for the GET to communicate an overview of the work to be performed at the entities and business units comprising the group is extended to include both TCWG and group management.
4	UK FRC	IFIAR Member	Strengthen guidance on Professional skepticism	Relevance, Enforceability	We recommend, that the material in paragraph A9, that is linked to the requirements and guidance in ISA 220 and discusses the exercise of professional skepticism, is enhanced to: Describe that when working to very tight group reporting deadlines, the ability of the engagement team to make appropriate judgements and an informed questioning of management's assertions may be constrained; and Include possible actions to mitigate such impediments (...).
5	UK FRC	IFIAR Member	Examples on scalability	Clarity & conciseness, Scalability	Consideration should be given to including material which describes how an auditor, when auditing a less complex group that falls within the scope of ED-600 could scale the requirements of ED-600. This could be achieved through the inclusion of an illustrative example that focuses on the most relevant aspects of ED-600 and highlights those requirements that would not be relevant in such circumstances.
6	UK FRC	IFIAR Member	Strengthen Linkage to ISA 220	Coherence, Clarity & conciseness	We strongly recommend that the important connection between the material related to the direction, supervision and review of engagement team members, and the robust two-way communications between the group engagement team (GET) and component auditors (CA) is better articulated.
7	UK FRC	IFIAR Member	Strengthen audit quality requirements (link to ISA 220)	Coherence, Clarity & conciseness, Enforceability	We do not believe that ED-600 appropriately addresses the requirements of ISA 220 para.14, as they relate to the group engagement partner's responsibility to establish and communicate the expected behaviour of engagement team members including achieving quality and exercising professional skepticism throughout the audit. We recommend that the IAASB extend the requirements and application material to appropriately supplement 220 para.14 in the context of a group audit.

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8	UK FRC	IFIAR Member	Enhance scoping and 'stand-back' provision (link to ISA 315)	Coherence, Enforceability, Clarity & conciseness	In relation to paras. A86-95, the standard could be further enhanced by: - (...) make it explicit that CAs can be involved in scoping decisions; - Providing additional guidance to determine when the approaches would apply (when scoping the group audit) in the context of the scoping paragraphs A86-A95. We recommend removing language from the standard that might encourage engagement teams to default to extant ISA 600 mechanisms; - Including additional material to address stakeholder concerns that where the financial information of an entity or business unit included in the group financial statements is material, but the GET has not identified any risks of material misstatement that are reasonably possible (and therefore for which there are no relevant assertions), that the financial information would not be subject to audit, drawing on ISA 330.18 and ISA 315.
9	UK FRC	IFIAR Member	Insufficient documentation requirements in case of restrictions (link to ISA 230)	Coherence	The requirements of ISA 230 apply equally to group audits conducted under ED-600 as to single entity audits. (...) As a result, we disagree with some of the material in ED-600.A130. Where the GET is restricted from including relevant parts of the CA documentation in the GET audit file and access to the CA file is also restricted, the material in A130 implies that it is sufficient to simply describe what is in the CAs file. This severely undermines the requirements in, and subsequent compliance with, ISA 230. If access to the CAs file is restricted, it is the responsibility of the GET to meet the requirements of ISA 230 and compile the relevant documentation in the group audit file.
10	UK FRC	IFIAR Member	Additional documentation requirements	Enforceability	In addition, we believe that additional documentation requirements are appropriate in the following areas: - fulfillment of responsibilities relating to relevant ethical requirements; - basis for determination that CAs have the appropriate competence and capabilities; - basis for the determination of component performance materiality and threshold for communicating misstatements; - basis for the GET's conclusion that sufficient appropriate audit evidence has been obtained from the CA's work.
11	UK FRC	IFIAR Member	Enhance risk assessment with CAs	Scope, Completeness, Clarity & conciseness	We do not believe that it is clear that where the GET plans and performs risk assessment procedures but allocates the design and performance of further audit procedures to CAs, that, whilst implicit, the GET would discuss the findings from the risk assessment process with the CA. We recommend enhancing the requirements and application material in this regard.
12	UK FRC	IFIAR Member	Address multilocation challenges	Implementability & consistent application	We recommend including additional application material or implementation guidance to address the challenges the engagement team may encounter when audit procedures are performed across components in multiple locations; in particular, those encountered when applying audit sampling.
13	UK FRC	IFIAR Member	Additional guidance on Fraud and consolidation	Relevance, Completeness	We recommend the inclusion of additional application material to address the increased susceptibility to fraud in relation to the consolidation process.
14	UK FRC	IFIAR Member	Clarification of risk-based approach to Components	Clarity & conciseness	We understand that some IAASB stakeholders have expressed a view that the requirement to identify significant components should be retained alongside the new risk-based approach. We strongly disagree with this view (...). We believe instead that including additional application material to ED-600.A96-A95 could address the complexities in scoping a group audit under the risk-based approach.

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Audit Oversight Board, Securities Commission Malaysia (MAOB)					
1	MAOB	IFIAR Member	Strengthen linkages to other ISAs	Coherence	The AOB commends the commitment of the IAASB to establish stronger linkages in the proposed ISA 600 (Revised) to other ISAs, particularly to the proposes ISA 200 (Revised), ISA 315 (Revised 2019) and ISA 330. To further enhance these efforts, the AOB is of the view that a linkage to ISA 450 Evaluation of Misstatements Identified During the Audits should be added to Paragraph 44 (c) of the proposed ISA 600 (Revised).
2	MAOB	IFIAR Member	Additional required communication by CAs	Comprehensiveness	The GET should request the CA to communicate all the corrected misstatements which the CA has identified during the course of their work. The nature of the corrected misstatements and the circumstances of their occurrence may indicate existence of other misstatements in other components' financial information within the group.

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Independent Regulatory Board for Auditors of South Africa (IRBA)					
1	IRBA	IFIAR Member	Overarching - support	Scope	The IRBA welcomes and supports the IAASB's revision of the International Standard on Auditing 600, Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors) (ISA 600), which introduces an enhanced risk-based approach to planning and performing a group audit. Further, we support the concept in ED-600 recognising that component auditors can be, and often are, involved in all phases of a group audit. We welcome the increased focus on the group engagement partner to ensure that an individual is held accountable and responsible for the entire group audit.
2	IRBA	IFIAR Member	Overarching	Implementability & consistent application, Clarity & conciseness	We believe that the risk-based approach may result in unwelcomed divergent applications in practice, in how such engagements are scoped. We, therefore, encourage the IAASB to provide more clarity on how to perform scoping of group audits, to ensure a more consistent application.
3	IRBA	IFIAR Member	Enhance CA oversight	Clarity & conciseness	We urge the IAASB to ensure that the finalised ISA 600 (Revised) is clear on the requirements/expectations with regard to the review of the CA's working papers, including the responsibility of the EQR.
4	IRBA	IFIAR Member	Strengthen Fraud risk assessment	Relevance, Completeness, Enforceability	We believe that auditors must be encouraged to do more, with regard to fraud risk identification in a group audit, through conducting the overall risk assessment (as required in ISA 315 (Revised 2019)) and fraud risk assessment (required in ISA 2405) in an integrated manner.
5	IRBA	IFIAR Member	Linkage to other ISAs	Coherence	Recommend that IAASB considers additional linkages to the following ISAs: finalized ISA 220, ISA 230, ISA 240, ISA 315 (revised 2019), ISA 510 and ISA 620.
6	IRBA	IFIAR Member	Strngthen documentation requirements	Enforceability	The IAASB should consider providing guidance relating to the assembly of the audit documentation to support the group opinion, specifically with regard to audit evidence that is documented in component files and not included in the group audit file.
7	IRBA	IFIAR Member	Strengthen CA involvement	Clarity & conciseness, Enforceability	We suggest elevating paragraph A35 to a requirement, as this emphasises the need for the CA to confirm that it will conduct its work as directed by the GET.
8	IRBA	IFIAR Member	Strengthen exercise of PS	Enforceability	We recommend that the IAASB considers additional examples in the application material to illustrate how an auditor demonstrates or encourages professional scepticism.
9	IRBA	IFIAR Member	Strengthen role of TCWG (access restrictions)	Clarity & conciseness, Enforceability	In the case of a continuing engagement, the IAASB should consider the role of those charged with governance in an effort to remove the barrier from restrictions on access imposed by group management before withdrawal from the engagement. This can be achieved by the IAASB requiring communication between the group engagement partner and TCWG (for example, audit committee), regarding any restrictions on access imposed by group management.
10	IRBA	IFIAR Member	Communication with CAs	Clarity & conciseness	We suggest that paragraph 31 should include the GET's responsibility for communicating risks of material misstatement where CAs are going to be involved.

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11	IRBA	IFIAR Member	Enhance Scoping - Deviation from group management's views	Implementability & consistent application, Enforceability	There is an increased risk of pressure from clients to create incentives for inappropriate scoping to achieve efficiencies in the group audit at the cost of audit quality (...). We recommend the IAASB considers the inclusion of requirements and application material on scoping to assist auditors and to emphasise the requirement for the GET to evidence their judgments where the auditor's view of the components is different from that of management; and the consequential impact of this on the auditor's i) risk assessment; ii) internal controls testing; and iii) audit approach
12	IRBA	IFIAR Member	Aggregation risk - requirements	Clarity & conciseness, Enforceability	We suggest that the IAASB elevates paragraph 44(d)–(e) for indicators of possible management bias and those deficiencies in the system of internal control identified in connection with the audit procedures performed that warrant the group engagement team's attention.
13	IRBA	IFIAR Member	Additional documentation requirements	Enforceability	We recommend that the IAASB considers documentation of the following matters in paragraph 57: Matters required by paragraph 31; Scoping of the group audit; ISA 230 specific matters; How the group engagement team evaluated the audit evidence; Group instructions, where applicable.
14	IRBA	IFIAR Member	Approval date	Timeliness	We strongly recommend that the IAASB aim to finalise this proposed standard no later than June 2021. The release of ED-600 is overdue, and the nature and frequency of scandals involving foreign components causes significant risk to the investing public globally to delay the effective date of this standard any further than necessary to allow for quality implementation by audit firms.

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Irish Auditing & Accounting Supervisory Authority (IAASA)					
1	IAASA	IFIAR Member	Overarching	Scope	IAASA supports the IAASB project to revise ISA 600 to enhance provisions applicable by auditors in audits of group FS. We particularly support the following changes made: alignment of the risk-based approach in ED 600 with the recently revised ISA 315; further emphasis on the applicability of all ISAs (...); revised structure to outline the requirements for situations where CA are involved (...). Although IAASA is generally supportive of the ED 600 proposals, we believe that several aspects of ED 600 should be further improved as described hereafter.
2	IAASA	IFIAR Member	Involve CAs in risk assessment	Clarity & conciseness, Enforceability	We are supportive of the introduction of the risk-based approach in auditing the FS of a group and greater alignment with the requirements in ISA 315. However, we are concerned that the group engagement team might perform a centralised risk assessment without giving adequate consideration to the involvement of component auditors. There is no requirement in ED 600 to make use of the experience of component auditors and to benefit from their knowledge about the economic, legal and social framework the components operate in. If component auditors are involved, we suggest requiring the group engagement team to request their input as part of the risk assessment process and where deemed necessary in the design of further audit procedures, including where the GET decides to perform these tasks centrally.
3	IAASA	IFIAR Member	Guidance on risk assessment	Implementability & consistent application	The new risk-based approach proposed in ED 600 will require a substantial change in mind-set for auditors and the IAASB should consider what additional guidance can be provided to assist with this shift and to help auditors and audit firms to embrace the new mind-set. For example, the standard refers to the risk-based approach to determining the work efforts required to assess the CA's work, but it does not provide clear provisions on how that risk-based approach impacts the actual procedures to be performed by the GET.
4	IAASA	IFIAR Member	Strengthen linkages to other ISAs	Coherence	The explanatory memorandum is clearer than ED 600 that the full suite of ISAs are the foundation on which ISA 600 is based. ED 600 needs to make it clear in the requirement section that the special considerations set out in ISA 600 are in addition to those in the other standards. We further recommend specifying the reasons for including references to specific ISAs in ED 600 and for not addressing others. Similarly, the statement in the introductory paragraph 6, should be changed to a requirement clarifying that the group engagement partner should ensure compliance with all the ISAs that are applicable to the group's circumstances.
5	IAASA	IFIAR Member	Enhance Scoping - Deviation from group management's views	Implementability & consistent application, Enforceability	It should be made clear in the standard that the group auditor should take into account the reporting processes of the group and the financial information as collected and prepared by the components defined by group management and they should evidence the professional judgments applied in reaching their conclusions as to the most appropriate scoping for audit purposes. We suggest further clarifying the impact of this progressive approach on the auditor's risk analysis, controls testing as well as audit approach.
6	IAASA	IFIAR Member	Additional procedures to overcome restrictions	Clarity & conciseness, Enforceability	Paragraphs 16 and 17 in conjunction with A29 could be read that a discussion with the component auditor about the procedures performed is sufficient by itself for the group auditor to rely on those procedures to overcome restrictions on access to information or people. Similarly for entities accounted for using the equity method, paragraph A29 could be read that access restrictions might be overcome by considering information as the sole procedure. In our view these procedures alone do not satisfy the requirement to obtain sufficient appropriate audit evidence.

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7	IAASA	IFIAR Member	Additional guidance on Component materiality	Implementability & consistent application, Clarity & conciseness,	ED 600 provides little guidance for determining component materiality (paras. 29 and A73), which may lead to wide variation in practice. We urge the IAASB to provide further explanations and illustrations on the determination of component materiality (e.g. minimum or maximum positions/ranges, etc.) and add extensive descriptions and/or give practical examples of aggregations risks.
8	IAASA	IFIAR Member	Additional guidance on consolidation and fraud	Relevance, Clarity & conciseness	The consolidation process is one of the areas where there have been recurring inspection findings by a number of CEOB members. The topic of consolidation is highly important. Hence, further emphasis on the consolidation process could be useful in the Identifying and Assessing the Risks of Material Misstatement section of ED 600. Additionally we note that fraud can occur via consolidation adjustments. We are of the view that reference to fraud risks and tendencies for fraud when addressing consolidation would be useful beyond paragraph A80.
9	IAASA	IFIAR Member	Additional guidance on Responding to assessed risks of material misstatement	Coherence, Clarity & conciseness, Enforceability	We believe that the requirement of paragraph 34 should be that the group engagement team not only "take responsibility" for designing and performing further audit procedures. The team, with the involvement of the component auditor(s) where deemed necessary, should also "design and perform" those procedures, including those stipulated in subparagraphs (a) and (b). Additional provisions in ED 600 should also explain how ISA 330 paragraph 18, requiring the GET to design and perform substantive procedures, shall be considered in a group audit setting. ED 600 should also clarify how to apply ISA 500 paragraph 10 which deals with the selection of items to obtain audit evidence. This aspect is particularly important when a group is composed of a several small individual components that cannot be grouped within one component.
10	IAASA	IFIAR Member	Enhance two-way communication with CAs	Clarity & conciseness, Enforceability	Setting clear and sufficiently detailed instructions for the CA is fundamental for the planning and performance of the group audit. Therefore, we are of the view that ED 600 (e.g. paragraph 43) should specifically request written instructions for the CA. We also suggest including the following matters in the requests for communication detailed in paragraph 44: Details and results of risk assessment procedures of the CAs on the risks of the component that are relevant at group level (beyond para. 25); Details and results of the component auditors' work where the CA is involved in the identification and assessment of the risks of material misstatement (para. 32); communication referred to in paras. 37 and 38. Para.44 only refers to the component's compliance and also it is unclear what the threshold is for non-compliance matters that are to be documented by the group auditor.
11	IAASA	IFIAR Member	Enhance communication with TCWG	Relevance, Clarity & conciseness	Additional provisions [beyond para. 53 to 56] should be added in ED 600 to cover the communication with TCWG in a group audit situation regarding ethics and independence.

PIOB Monitoring of Comment Letters submitted by MG/IFIAR Members/CEAOB
to the IAASB ED "Proposed International Standard on Auditing 600 (Revised) - Special Considerations—Audits of Group Financial Statements
(Including the Work of Component Auditors)" (published in April 2020)



As of December 2020

#	Respondent	Group	Issue	Public Interest Framework characteristic	MAIN Issues/Recommendations - Description (*)
12	IAASA	IFIAR Member	Enhance CA oversight	Relevance, Clarity & conciseness, Enforceability	<p>We believe that the provisions in para. 49 and A115 should be enhanced to further stress the requirement for the group auditor to appropriately evaluate audit evidence stemming from the work of component auditors and to clarify the level of review required on the procedures performed by the component auditors to gather this evidence.</p> <p>Weaknesses in the review of component auditors' work by the group engagement team is a concern identified during inspections by audit regulators, which highlights a deficiency in the extant ISA 600. In the ED 600, we note there is still limited guidance on the review expected. In our view these provisions [para 23 and 45 (b)], associated with the application material, are still insufficient to determine the level of review needed and should be further developed. In particular, we recommend that the IAASB explores situations in which a review of the component auditor's work should be mandatory</p>
13	IAASA	IFIAR Member	Documentation requirements	Enforceability	<p>Deficiencies in documentation are also a key concern identified during many inspections by audit regulators. We suggest adding an explicit reference for compliance with ISA 230 and elaborating further on the specificities of the group audit. Additional audit documentation should be required on the group audit file in paragraph 57: para. A126 and other explanatory material should be elevated to a requirement; nature, timing and extent of the audit procedures performed by the CA that have been reviewed and the result of those reviews; that documentation included in the group audit file should be sufficient to enable an evaluation whether the GET has obtained sufficient and appropriate audit evidence (including on the work performed by CA) on which to base the group audit opinion; procedures performed (and their results) when assessing the competence and capability of the CA.</p>

(*) The issues included in the table are a selection by PIOB Staff of public interest comments and recommendations raised by respondents to the public consultation. They may not include all the issues raised by these respondents. The full set and text of comment letters is publicly available in the relevant SSBs website.