

2022

Consultation Paper

**Proposal to Revise ISA (Ireland) 600
Special Considerations - Audits of
Group Financial Statements
(Including the Work of Component
Auditors)**

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Mission

To contribute to Ireland having a strong regulatory environment in which to do business by supervising and promoting high quality financial reporting, auditing and effective regulation of the accounting profession in the public interest.

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1. Summary

The purpose of this consultation paper is to obtain stakeholders' views on IAASA's proposal to revise International Standard on Auditing (ISA) (Ireland) 600: Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors) and make related conforming amendments to other standards. In line with IAASA policy, the revisions reflect recent changes to the corresponding international standard and in the UK.

The proposed effective date of the revised standard is for audits of group financial statements for periods beginning on or after 15 December 2023, with early adoption permitted. This is in line with the effective date applied by both the Financial Reporting Council (FRC) in the UK and the International Auditing and Assurance Standards Board (IAASB).

The main proposed changes to the standard are summarised in section 3 below.

The proposed revised standard can be found [here](#).

The proposed conforming amendments can be found [here](#).

2. Background

The ISAs (Ireland) are based on the ISAs (UK) which, in turn, are based on the corresponding standards issued by the IAASB. IAASA's policy is to make minimal amendments to the UK standards. Amendments are considered where there is a conflict with Irish or EU law or there are distinct differences between the Irish and UK markets which impact on a standard's applicability in Ireland.

The FRC issued a consultation on proposals to revise ISA (UK) 600 in April 2022 and issued the revised UK standard, conforming amendments and a feedback statement on its consultation in September (details of which can be found [here](#)).

In line with IAASA's policy to adopt the UK standards, IAASA intends to adopt the revised UK standard and conforming amendments with minimal amendments (section 3.3 refers) and does not propose to add any new Irish requirements.

3. Overview of proposed revisions

3.1 IAASB revisions

In April 2022, the IAASB issued ISA 600 (Revised) and related conforming amendments. The IAASB's substantive revisions were:

- Clarification of the scope and applicability of the standard;
- Clarification and reinforcement of the fact that all ISAs are to be applied in group audits, by establishing stronger links with other ISAs;

- Focusing the group engagement team’s identification and assessment of risk at the group financial statement level and emphasising the importance of designing and performing appropriate procedures to respond to those risks;
- Revised requirements and application material to better align with recently revised standards, such as International Standard on Quality Management 1: Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements; ISA 220: Quality Management for an Audit of Financial Statements; and ISA 315: Identifying and Assessing the Risks of Material Misstatement; and
- Reinforcing the need for robust communication and interactions between the group engagement team, group engagement partner and component auditors.

3.2 Additional material

Text highlighted in grey in the exposure draft supplements the underlying international standard issued by the IAASB. Except for the items noted in section 3.3 below (Consideration of the Irish Market), this text is consistent with the additional material inserted by the FRC in the UK standard.

The majority of the additional material inserted in ISA 600 (Revised) by the FRC was included within the previous version of ISA (UK) 600 as well as the extant Irish standard (ISA (Ireland) 600 (Revised November 2020)). These provisions primarily reflect the requirements of EU audit legislation, such as access arrangements for components (paragraph 51D-1) and competent authority access to working papers for the purposes of supervision and enforcement (paragraphs 59D-2 and 59D-3).

The FRC also inserted further material in the revised standard to clarify the:

- Relationship between the engagement team, group auditor and component auditor (diagram in paragraph 14(h));
- Group engagement partner and their firm’s responsibilities resulting from the adoption of ISQM (Ireland) 1, ISQM (Ireland) 2 and ISA (Ireland) 220 (paragraph 16-1); and
- Relevant ethical requirements applicable to group audits (paragraphs 25(b), 25-1 and A60-1 to A60-3).

3.3 Consideration of the Irish market

All additional material inserted by the FRC in ISA (UK) 600 (Revised September 2022) has been reviewed in detail. IAASA considers that it is appropriate to adopt this material in Ireland as it:

- Reflects EU audit legislation (requirements of the EU Audit Directive are indicated in the draft ISA (Ireland) 600 through the use of ‘D’ in the paragraph numbering);
- Is included in IAASA’s extant group standard; or
- Provides additional clarity for auditors in the application of the standard.

IAASA has tailored the provisions of paragraphs 25(b) and A60-3 to reflect paragraph A2.4 of the Ethical Standard for Auditors (Ireland) 2020. The group engagement partner is required to obtain confirmation that the component auditors are able to comply with the relevant ethical provisions. For component auditors outside Ireland this is the extant version of the IESBA Code, as well as the requirements of the EU Audit Directive and Regulation for component auditors situated in other EU member states.

We will continue to monitor developments in the UK, including changes resulting from the recent Department for Business, Energy and Industrial Strategy document, “Restoring Trust in Audit and Corporate Governance - Government Response to the Consultation on Strengthening the UK’s Audit, Corporate Reporting and Corporate Governance Systems”. This will include any further amendments to the UK auditing framework to assess whether it is appropriate to adopt them in Ireland.

4. Matters on which IAASA is consulting

Set out below are a number of matters on which IAASA is seeking views by 5pm on Friday 9 December 2022.

No.	Matter on which views are sought
1.	Do you agree that it is in the public interest that IAASA revises ISA (Ireland) 600? If not, please give your reasons and describe any alternatives that you wish IAASA to consider.
2.	In the context of IAASA’s policy to make minimal amendments to the UK standards, are there any provisions in the proposed ISA (Ireland) 600 that conflict with Irish or EU law? If so, please: <ul style="list-style-type: none"> Identify the relevant legal provisions Give reasons for your view Describe how you believe these matters should be addressed in ISA (Ireland) 600
3.	In the context of IAASA’s policy to make minimal amendments to the UK standards, are there any areas where there are distinct differences between the Irish and UK markets which would impact on the applicability of the revised standard in Ireland? If so, please: <ul style="list-style-type: none"> Give your reasons Identify the market sectors, entities etc. in Ireland impacted by the proposed standard Describe how you believe these matters should be addressed in ISA (Ireland) 600
4.	Is the proposed effective date, i.e. for audits of group financial statements for periods beginning on or after 15 December 2023, appropriate? If not, please give reasons and indicate the effective date that you would consider appropriate.

5. Making your submission

IAASA invites comments on the proposed revision of ISA (Ireland) 600 and related conforming amendments. In particular, comments are sought on the matters set out in section 4.

Comments are most helpful if they:

- Respond directly to the question asked
- Provide a clear rationale for your position
- Provide evidence supporting your views
- Describe in detail any alternative options you wish IAASA to consider

Please send your response to **submissions@iaasa.ie** by **5pm on Friday 9 December 2022**.

IAASA will consider all responses from identifiable individuals and organisations that are received by this deadline. IAASA may publish a feedback statement summarising the content of the responses. Responses may also be published in full or in part and attributed to respondents.



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