

Agenda Item 2-A

Explanation of Significant Changes to Requirements and Application Material

This paper explains the significant changes and the rationale for the changes that have been made by the ISA 600 Task Force (the Task Force) to proposed ISA 600 (Revised) since the June 2021 meeting, as reflected in the marked draft in **Agenda Item 2-C**. This paper also explains the significant changes and the rationale for the changes for the conforming and consequential amendments as reflected in **Agenda Item 2-E**. Further, this paper refers to significant changes that are discussed in more detail in the relevant sections of **Agenda Item 2** (Issues Paper). Minor editorial changes are not addressed in this paper.

Reference	Significant Changes and the Rationale for Those Changes
Introduction	
Paragraph 1A	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A2A: The Task Force modified the last sentence in response to Board comments to clarify that the ISA applies to an audit of the group financial statements of a subgroup performed for statutory, regulatory or other reasons. Paragraph A2AA: The Task Force deleted certain references to 'entity' or 'entities' to address Board comments that such references were confusing in the context of the organization of a single legal entity. The Task Force noted that a single legal entity may have more than one business unit (e.g., a bank with multiple branches). The Task Force retained the reference to 'entity or business unit' in the last sentence to be consistent with the definition of group financial statements. The Task Force deleted "required to be" in response to Board comments. Paragraph A2B: The Task Force added references to 'legal or' regulatory reporting to in response to Board comments.
Paragraphs 3B-3C	<ul style="list-style-type: none"> To streamline the application material related to the introductory material, the Task Force split paragraph 3B into two paragraphs and moved the first sentence of paragraph A8 to the beginning of paragraph 3C. <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A7: The Task Force deleted this paragraph based on Board comments that it did not provide

Reference	Significant Changes and the Rationale for Those Changes
	<p>information beyond what is already in paragraph 3B (and also now paragraph 3C) or other application material.</p> <ul style="list-style-type: none"> Paragraph A8: Given the deletion of Appendix 1 as discussed below, the Task Force moved the first sentence to paragraph 3C and deleted the remainder of paragraph A8. Paragraph A8AA: The Task Force revised the wording from that discussed with the Board in June 2021 and as presented in paragraph 64 of the June issues paper. The Task Force is of the view that the revised wording is clearer because it places more emphasis on the possibility of audit work on the component financial information requested by the group auditor also being used for the separate audit of the component financial statements.
Paragraph 4	<ul style="list-style-type: none"> The Task Force revised the wording in the second sentence to clarify the reference to ‘this’ based on Board comments. The Task Force also revised the wording in the penultimate sentence to be consistent with paragraph A1 and the relevant requirements in ISA 220 (Revised).¹
Paragraph 5	<ul style="list-style-type: none"> See Section I-B of Agenda Item 2.
Objective	
Paragraph 8	<ul style="list-style-type: none"> The Task Force revised the wording of paragraph 8(b) to add a reference to ‘whether due to fraud or error’ to align more closely with ISA 315 (Revised 2019),² paragraph 11. See Section I-C of Agenda Item 2 for a discussion of the change to paragraph 8(c).
Definitions	
Paragraph 9(b)	<p><i>Definition</i></p> <ul style="list-style-type: none"> In response to Board comments, the Task Force added a reference to ‘business’ activity in paragraph 9(b) and the related application material in paragraph A12 to align with the wording in paragraph 3.

¹ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

² ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

Reference	Significant Changes and the Rationale for Those Changes
	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A12: The Task Force also revised paragraph A12 to align the wording with paragraph A5 and to more specifically refer to the identification and assessment of the risks of material misstatement in accordance with ISA 315 (Revised 2019).
Paragraph 9(c)	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A13: The Task Force revised this paragraph to clarify that component auditors may be from a network firm, a firm that is not a network firm, or the group auditor's firm (e.g., another office within the group auditor's firm). This was done in response to Board comments about whether a component auditor could be from the group auditor's firm as it was not clear from the wording of certain paragraphs in the June draft of proposed ISA 600 (Revised).³
Paragraph 9(d)	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A15: The Task Force revised this paragraph to align the wording with paragraphs A5 and A6.
Paragraph 9(j)	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A15A: The Task Force added this paragraph in the June draft of proposed ISA 600 (Revised). The Task Force noted the Board's decision in discussing ED-600 to include such wording in a proposed conforming amendment to ISA 220 (Revised). However, the Task Force concluded that also including similar wording in the application material to proposed ISA 600 (Revised) would be responsive to comments received. In the June 2021 IAASB meeting, some Board members supported moving the first sentence of paragraph A15A to the definition of group engagement partner in paragraph 9(j). The Task Force discussed this and decided to retain the wording in the application material, consistent with the treatment in ISA 220 (Revised).

³ ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

Requirements	
Leadership Responsibilities for Managing and Achieving Quality on a Group Audit	
Paragraph 12	<p><i>Requirement</i></p> <ul style="list-style-type: none"> To address comments from the Board, the Task Force added bullets to enhance the readability of the requirement. Furthermore, it was noted that using the word ‘shall’ twice in the requirement is not in line with the Complexity, Understandability and Proportionality (CUSP) Guidelines and Drafting Principles. <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A20A: During the Board meeting it was noted that the first two sentence were almost identical to ISA 220 (Revised), paragraph A28. In response, the Task Force deleted the first sentence and included the special consideration for a group out in the second sentence. The Task Force further deleted the last sentence as it was deemed unclear.
Acceptance and Continuance	
Paragraph 13	<p><i>Requirement</i></p> <ul style="list-style-type: none"> In its June 2021 meeting, the Board noted that it was not clear that this requirement related to the acceptance and continuance except for the heading above. To clarify this, Task Force added: ‘Before accepting or continuing the group audit engagement.’
Paragraph 16	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A29: Upon re-reading paragraph the Task Force noted that paragraph A29 addressed how to overcome restrictions related to: <ul style="list-style-type: none"> Restrictions to access audit documentation (first and third bullet of A29); and Restrictions to access people and information (second and fourth bullet of A29). To enhance the clarity of this paragraph, the Task Force was of the view that it was best to split the paragraph up in two separate paragraphs. The paragraph related to restrictions to access audit documentation was moved to the section on audit documentation (paragraph A130).

	<ul style="list-style-type: none"> Paragraph A29B: Paragraph A29 describes options on how to overcome restrictions to access information or people and paragraph A29A describes options on how the auditor may obtain sufficient appropriate audit evidence when the access to an equity accounted investee is restricted. Respondents to ED-600 noted that it is unclear whether one or more of the options listed in paragraphs A29 and A29A provide sufficient appropriate audit evidence. To avoid repetition in paragraph A29 and A29A, the Task Force added paragraph A29B, that explains that it is a matter of professional judgement whether one, or a combination, of the options is sufficient. Paragraph A30: To address comments from the Board, the Task Force added bullets to enhance the readability of the standard. Once bulleted, the Task Force reorganized the order of the bullets to have a more natural flow. The bullet that describes that the group auditor may discuss with the component auditor's firm about how to overcome the restrictions was moved to the documentation section given that it relates to restrictions on audit documentation.
Overall Group Audit Strategy and Group Audit Plan	
Paragraph 17A	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A33B/ A33C: Several Board members commented on this paragraph and as a result of these comments the Task Force enhanced the flow of paragraph A33B and paragraph A33C as included in the June draft of proposed ISA 600 (Revised). The Task Force started with the sentence on an initial group audit engagement as in that scenario it may be more challenging to establish the overall group audit strategy and group audit plan. After that, the paragraph discusses how the overall group audit strategy and group audit plan may be established in a recurring group audit engagement. Paragraph A33D: The Task Force was of the view that linking the introduction to paragraph A33D to the last sentence of paragraph A33B enhances the flow the standard. Paragraph A33F: Several changes were made to this paragraph based on comments from the Board. Based on Board member suggestions the Task Force added the following matters that may influence the group auditor's determination of component at which to perform audit work: <ul style="list-style-type: none"> Whether sufficient appropriate audit evidence is expected to be obtained for all significant classes of transactions, account balances and disclosures in the group financial statements from audit work planned; and The nature and extent of misstatements or control deficiencies identified at the component in prior period

	<p>audits.</p> <ul style="list-style-type: none"> Paragraph A33H: To address comments from the Board, the Task Force added guidance when the group auditor does not involve component auditors in risk assessment procedures. The Task Force is of the view that in such circumstances the group auditor may still discuss with component auditors whether there are any significant changes in the business or the system of internal control of the component that could have an effect on the risks of material misstatement of the group financial statements. The wording is similar to wording that was used in Appendix 1. Paragraph A33J (Previously A39): The Task Force moved this paragraph from the section on relevant ethical requirements to the section on the overall group audit strategy and group audit plan. This paragraph discusses the level of fees for component auditors in relation to the resources required and is therefore directly linked to paragraph 17A(b) which requires the group auditor to determine the resources needed to perform the group audit engagement. To address comments from the Board, the Task Force streamlined the requirement but kept the example, on the request of several Board members, at the end of the paragraph.
Paragraphs 18	<p><i>Requirement</i></p> <ul style="list-style-type: none"> Paragraph 18: Several Board members questioned the linking of this paragraph to paragraph 12 as paragraph 12 does not require the group engagement partner to make a determination. Given that this paragraph is now included in the section on the overall group audit strategy and group audit plan, the Task Force was of the view that this paragraph should be linked to establishing the overall group strategy and group audit plan.
Paragraph 19	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A35A: To address comments from the Board, several changes were made to this paragraph to enhance the flow and explain the Task Force intentions.
Paragraph 20	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A38: This paragraph was deleted as it was deemed repetitive of A46A. Upon reflection, the Task Force is of the view that this paragraph is best linked to paragraph 22 as that paragraph is about not complying with ethical requirements, including those related to independence. Paragraph A39: This paragraph was moved to the section on the overall group audit strategy and group audit plan. See paragraph A33J for the rationale.

	<ul style="list-style-type: none"> Paragraph A39A: This paragraph was deleted as it did not contain a special consideration and was therefore repeating ISA 220 (Revised).
Paragraph 21	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A44A: To address comments from respondents to ED-600, the Task Force added this paragraph to enhance the linkage with ISA 620.⁴ This paragraph clarifies that the work of auditor's experts engaged by component auditors are part of the auditor's evaluation whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purpose (as required by paragraph 7 of ISA 620). Also see Agenda Item 2, section II-A.
Paragraph 22	<p><i>General</i></p> <ul style="list-style-type: none"> The International Ethics Standards Board for Accountants' (IESBA) Engagement Team – Group Audits Independence Task Force (IESBA Task Force) provided the Task Force with input on how to further enhance the requirement and the related application material, and how to align the requirement and application material with IESBA's <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code). As the liaison between the two Task Forces is still ongoing, further changes may be made to these paragraphs. The Task Force will discuss any further changes to these paragraphs with the Board as part of the turnaround of proposed ISA 600 (Revised) during the September 2021 Board meeting. <p><i>Requirement</i></p> <ul style="list-style-type: none"> The Task Force revised paragraph 22(a) to more closely align with paragraph 17 of ISA 220 (Revised). The revised wording clarifies that this situation only applies when the component auditor does not comply with the ethical requirements that are relevant to the group audit engagement (i.e., a breach has not been satisfactorily addressed by the component auditor). <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraphs A46A and A47: The Task Force updated the wording of these paragraphs to align with the changes to the requirement and to reflect suggestions from the IESBA Task Force.

⁴ ISA 620, *Using the Work of an Auditor's Expert*

<p>Paragraph 23</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The Task Force noted that the second sentence did not contain a shall and therefore linked the second sentence to the first sentence.
<p>Paragraphs 23A-23B</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> In the June 2021 IAASB meeting and in offline comments, Board members raised various questions about the references to the timing of communications between the group auditor and component auditors. Some questioned why it was necessary to refer to expectations about the timing of communications given the requirement for communications to take place at appropriate points in time throughout the group audit. Other Board members questioned what it meant for the timing to “reflect the component auditor’s involvement in various phases of the group audit.” To address these questions, the Task Force added a separate requirement in paragraph 23B to clearly indicate that communications shall take place at appropriate points in time throughout the group audit, and deleted the wording that was the source of the questions. The Task Force noted that this umbrella requirement in paragraph 23B would apply to all communications between the group auditor and component auditors, including in accordance with paragraphs 26, 26A, 30, 44 and 48. The Task Force also noted that paragraph A52I provides guidance about the timing of communications. <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A52A: The Task Force moved paragraph A9B to paragraph A52A as explained in Section I-B of Agenda Item 2. Paragraph A52B: The Task Force added a bullet to this paragraph to address a Board member comment about the need for component auditors to raise questions about the instructions from the group auditor, based on the component auditor’s knowledge and experience. The Task Force noted that the point was raised in connection with the guidance on professional skepticism in paragraph A9A but concluded that it is better placed as part of the application material on communications between the group auditor and component auditors. Paragraph A52J: The Task Force added a reference to ISA 250 (Revised)⁵ to strengthen the linkage to that standard as suggested by respondents to ED-600. The Task Force deleted the word ‘additional’ based on a Board member comment that it suggested that some procedures may have been performed for the group audit, which is inconsistent with the fact that this communication relates to components that are not included in the

⁵ ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

	scope of the group audit.
Understanding the Group and Its Environment, the Applicable Financial Reporting Framework and the Group's System of Internal Control	
Paragraph 24	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A69: To address comments from the Board, the Task Force added an introductory sentence similar to the first sentence of paragraph A67. This sentence better links the application material paragraph to the foundational standard, ISA 315 (Revised 2019). Paragraph A70: Based on the CUSP Drafting Principles and Guidelines, the Task Force included the footnote (with a description of an ISA 240⁶ requirement) in the main text of the application material.
Paragraphs 26 and 26A	<p><i>Requirements</i></p> <ul style="list-style-type: none"> Paragraph 26: It was noted that paragraph 26A(a) required component auditors to communicate to the group auditor matters related to the financial information of the component that may be relevant to the identification and assessment of the risks of material misstatement of the group financial statements. It was noted that paragraph 26 did not require the group auditor to communicate to the component auditor, matters that are relevant to the component auditor's design or performance of risk assessment procedures for purposes of the group audit. Hence, 26(a) was added. Paragraphs 26 and 26A: To address comments from the Board, the Task Force decided to delete references to timely in paragraphs 26 and 26A. The Task Force is of the view that the references to 'timely' are not needed as there is a general requirement to communicate timely (see paragraph 23B and related application material). Having references to timely communications in paragraphs 26 and 26A, may suggest that other communications do not need to be timely and therefore may cause confusion. <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A72A: To address comments from the Board, the Task Force clarified that matters other than the matters included in paragraph 26A may need to be communicated timely in the course of the component auditor's procedures.

⁶ ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

Identifying and Assessing the Risks of Material Misstatement	
Paragraph 26B	<p><i>Requirement</i></p> <ul style="list-style-type: none"> Because of changes to paragraph 34, the Task Force added a reference to the consolidation process. Also see comments on paragraph 34. <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A72D: The Task Force deleted the first sentence as it was repeating ISA 315 (Revised 2019) and it was deemed not needed to introduce this paragraph. Based on comments from the Board, the Task Force aligned the second sentence with paragraph A187 of ISA 315 (Revised 2019) and upon making changes, the Task Force further enhanced the flow of the paragraph by reordering the sentences.
Paragraph 26C	<p><i>Requirement</i></p> <ul style="list-style-type: none"> In the June 2021 Board meeting, several Board members commented on the use of the word 'include' in the first sentence. Therefore, the Task Force further deliberated on how to clarify this requirement. Given the struggle to find the right word (several options were discussed including, 'include', 'evaluate' and 'take into account') the Task Force was of the view that the reference to component auditors could be best included later in the requirement.
Materiality	
Paragraph 29	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A75A: The Task Force revised the wording to make it more general and not focused on significant classes of transactions, account balances or disclosures. This revision was in response to a Board member comment that the previous wording was potentially confusing given that paragraph A74 indicates that component performance materiality is not required to be determined for each class of transactions, account balance or disclosure for components at which audit procedures are performed.

Responding to the Assessed Risks of Material Misstatement	
Paragraph 33	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraphs A89-A90: In the June 2021 meeting, Board members raised various comments about these paragraphs -- how the paragraphs fit together, how they relate to the subheading above paragraph A89, and that the clarity of the wording could be improved, including by avoiding references to ‘individually financially insignificant’ components. The Task Force made a number of revisions to this section of the application material as described further below. Paragraph A89 (and the subheading above it): The Task Force revised the wording to delete the reference to ‘individually financially insignificant’ and to focus on a large number of components whose financial information is individually immaterial but material in the aggregate to the group financial statements. The Task Force noted that these circumstances present unique scoping challenges in a group audit. Although the risks of material misstatement for significant classes of transactions, account balances or disclosures may be spread across many components in group audits, additional challenges are introduced when the number of such components is so large that sufficient appropriate audit evidence can only be achieved by auditing centrally (when possible) or by performing further audit procedures at selected components. Those two approaches are described in paragraphs A89AA and A89A, respectively. Paragraph A89AA: The Task Force revised this paragraph to incorporate paragraph A90. Respondents to ED-600 were confused about whether paragraph A90 was intended to be a broad reference to performing substantive analytical procedures in a group audit or related to the specific circumstances addressed in this section of the application material. The Task Force reaffirmed that the intent was to address these specific circumstances. The Task Force also retained the point that the use of automated tools and techniques may be helpful in these circumstances, but concluded that it would be best to provide specific examples of their use as part of implementation support materials. Paragraph A89A: The Task Force revised the wording and deleted the reference to individually financially insignificant components as noted above. Paragraph A90: The Task Force incorporated paragraph A90 into paragraph A89AA as discussed above. Paragraph A90A: In the June 2021 meeting, the Board noted that this paragraph implies that the group auditor has to do all the design and performance of further audit procedures. As this was never the Task Force's intention, the Task Force clarified the paragraph.

	<ul style="list-style-type: none"> Paragraph A93: To address comments from the Board, the Task Force linked this paragraph to the foundational standard, ISA 330.⁷
Paragraph 34	<p><i>Requirement</i></p> <ul style="list-style-type: none"> To address comments from the Board, the Task Force adjusted the wording in 34(b). It was noted that the wording 'Evaluating whether any fraud risk or indicators of possible management bias that exist' is used in the identification of risks of material misstatements while this paragraph is in relation to responding to the assessed risks. The Task Force noted that paragraph 34 is based on paragraphs 33-34 in extant ISA 600. Staff went back to extant ISA 600 and noted that these requirements were placed under a separate section (and not under the responding to the risks of material misstatement section). Therefore, that section included matters related to both the risk assessment and responding to risks of material misstatement. The June draft of proposed ISA 600 (Revised) did not include anything related to consolidation in the identification and assessment of risks of material misstatement and therefore staff added this to paragraph 26B and paragraph A72F. Further changes were made to paragraph 34 to focus the requirement specifically on responding to risks of material misstatement.
Paragraph 36	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The Task Force changed the references to 'financial statements' to 'financial information' as 'financial statements' is more aligned with the approach in extant ISA 600 where the group auditor requests a component auditor to perform an 'audit'.
Paragraph 38	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A95A: To address comments from respondents to ED-600, the Task Force added this paragraph to enhance the linkage with ISA 620. This paragraph clarifies that the work of auditor's experts engaged by component auditors are part of the auditor's evaluation about the adequacy of the auditor's expert's work for the auditor's purposes (as required by paragraph 12 of ISA 620). Also see Agenda Item 2, section II-A.

⁷ ISA 330, *The Auditor's Responses to Assessed Risks*

Communication about Matters Relevant to the Group Auditor's Conclusion	
Paragraph 44	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A111A: The Task Force revised this paragraph to reference the matters in paragraphs 26A and 48 in response to a Board member comment. Paragraph A112: The Task Force deleted this paragraph based on a Board member comment that, for a group audit, communication with those charged with governance is done at the group level and is addressed in paragraph 56. The Task Force further noted that paragraph A15 provides guidance for determining component management when the group auditor considers the financial information of certain entities or business units together as a component or determines that a shared service center is a component. Paragraph A112A: The Task Force revised this paragraph to remove the reference to 'opinion' in response to Board comments. The Task Force is of the view that the revised wording is sufficiently flexible to allow the use of different forms of component auditor conclusion statements.
Paragraph 45A	See Section I-A of Agenda Item 2 .
Evaluating the Sufficiency and Appropriateness of Audit Evidence Obtained	
Paragraph 49	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A115A: The Task Force moved the last sentence of paragraph A9C to paragraph A115A as explained in Section I-A of Agenda Item 2. Paragraph A115B (paragraph A115A in the June draft of proposed ISA 600 (Revised)): The Task Force added a reference to the requirement in paragraph 32 of ISA 220 (Revised) based on the June 2021 Board discussion. Also see paragraph 18 of Agenda Item 2.
Communication with Group Management and Those Charged with Governance of the Group	
Paragraph 53A	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The Task Force revised the wording to respond to a Board member comment that the requirement should focus on the work to be performed at components, consistent with the requirement for communication with those charged with governance of the group in paragraph 56(a). The revised wording also aligns with paragraph 15

	of ISA 260 (Revised). ⁸
Paragraph 56(a)	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A123: The Task Force revised the wording of this paragraph in response to a Board member comment that the application material should better describe why the group auditor would communicate this information. The Task Force also noted that the revised wording more closely aligns with paragraph A11 of ISA 260 (Revised).
Documentation	
Paragraph 57	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A123C: The Task Force added a reference to paragraph A115B, which provides guidance about the information that may be relevant to the group auditor's evaluation of the audit evidence obtained from the work performed by component auditors. Paragraph A124: The Task Force deleted the word "residing" in both bullets based on a Board member comment that the word may be confusing or cause translation issues in certain jurisdictions. Paragraph A124z: The Task Force added examples in response to a Board member comment that the application material did not provide guidance about ways in which the requirement in paragraph 57(ca) might be documented. Paragraph A127: The Task Force revised the wording of this paragraph to align with the revised wording of paragraphs 45A and A112B-A113. Paragraph A127A: In the June 2021 IAASB meeting, Board members raised concerns about the reference to "ease of accessibility" and the related example. The Task Force revised the paragraph to remove the reference and the example. The revised wording also indicates that, depending on the facts and circumstances, the group auditor may decide to replicate, summarize or retain copies of certain component auditor documentation in the group auditor's audit file to supplement the description of a particular matter in communications from the component auditor, including the matters required to be communicated by this ISA. Paragraphs A129-A130: The Task Force revised these paragraphs to incorporate the first bullet of paragraph

⁸ ISA 260 (Revised), *Communication with Those Charged with Governance*

	A29. The Task Force noted that paragraph A130 always had a reference to paragraph A29, but concluded that the guidance was more appropriate in the documentation section because it addresses ways in which the group auditor may be able to overcome restrictions on access to component auditor documentation.
Appendices	
Appendix 1	<ul style="list-style-type: none"> Respondents to ED-600 urged the IAASB to clarify the importance of involving component auditors in a group audit (see December 2020 issues paper). To address these comments, the Task Force made several changes to the standard, particularly the addition of the section on the overall group audit strategy and group audit plan (paragraph 17A and related application material). Upon reflection, the Task Force is of the view that all matters included in this appendix are now covered by paragraphs in the introduction section, by requirements or by application material, particularly in the section on the overall group audit strategy and group audit plan. Given that all matters that are included in this appendix are now addressed in the standard, the Task Force is of the view that Appendix 1 is no longer needed. Also, given that most material that was in the appendix is now included as application material to paragraph 17A, there is no longer a need to bring all considerations related to the involvement of component auditors together in an appendix. The Task Force further noted that removing the appendix is in line with the CUSP Drafting Principles and Guidelines as the appendix does not meet the criteria as set out in the CUSP Drafting Principles and Guidelines. The Task Force is of the view that the appendix could be useful as implementation material once the standard is published.
Appendix 4	<ul style="list-style-type: none"> The Task Force added a bullet related to the inherent risk factor 'Susceptibility to Misstatement Due to Management Bias or Other Fraud Risk Factors Insofar as They Affect Inherent Risk' based on comments received on ED-600. It was suggested that proposed ISA 600 (Revised) should contain material which specifically addresses the audit of group cash and cash equivalents, and the increased opportunity for misappropriation, particularly when cash transfers regularly occur between group entities, or where there are unusual cash transfers to newly incorporated entities.

Conforming and Consequential Amendments (Agenda Item 2-E)	
ISA 220 (Revised)	<ul style="list-style-type: none"> To address comments from the Board, the Task Force deleted paragraph A76 as it is identical to paragraph A40A in proposed ISA 600 (Revised). Given that the paragraph discusses a matter specific to a group audit, the Task Force is of the view that the content of paragraph A40A is better placed in proposed ISA 600 (Revised).
ISA 320⁹	<ul style="list-style-type: none"> The Task Force noted the previous discussions with the Board about the intent for a light-touch approach to referencing aggregation risk in ISA 320. After further discussion and considering different options, the Task Force decided to include a definition of aggregation risk as a consequential amendment to ISA 320, along with a corresponding change to the definition of performance materiality. This approach would be responsive to respondent comments on ED-600 that aggregation risk exists in all audits and therefore should be defined in ISA 320. Given the importance of aggregation risk in a group audit, the Task Force is of the view that the definition should also remain in paragraph 9(a) of proposed ISA 600 (Revised).
ISRE 2410¹⁰	<ul style="list-style-type: none"> The amendments initially proposed to ISRE 2410 have been reversed. ISRE 2410 is in a pre-Clarity format and for this reason has not been subject to conforming and consequential amendments in recent years to avoid giving the impression that it is up to date. Consistent with the Board's pre-existing position regarding the status of ISRE 2410, staff recommends that the revision of ISRE 2410 be considered as part of the IAASB's future work plan decisions.

⁹ ISA 320 (Revised), *Materiality in Planning and Performing an Audit*

¹⁰ International Standards on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor*