

Meeting: IAASB

Meeting Location: New York, United States of America

Meeting Date: December 6–14, 2021

Agenda Item 5

Due Process – Proposed ISA 600 (Revised)¹

Objective of Agenda Item

1. To advise the IAASB of the status of due process for proposed ISA 600 (Revised).

Background

2. The IAASB Technical Director is responsible for advising the IAASB as to whether due process has been followed effectively and with proper regard for the public interest before a proposed Standard, or changes to a Standard, are approved for issue.
3. The following outlines the Technical Director's conclusion and basis thereof with respect to actions up to the December 2021 IAASB meeting for proposed ISA 600 (Revised). Before approval of proposed ISA 600 (Revised), the Technical Director will advise on whether due process has been followed during the course of the December 2021 meeting.

Due Process Up to the Date of the December 2021 IAASB Meeting

4. The Technical Director confirms to the IAASB that, up to the December 2021 IAASB meeting, proposed ISA 600 (Revised) has been developed in accordance with the IAASB's due process.
5. In summary, for proposed ISA 600 (Revised), the IAASB:

Project Commencement and Development

- Issued an Invitation to Comment (the ITC)² to highlight the IAASB's discussions on professional skepticism, quality control and group audits and to flag potential standard-setting activities the IAASB could take to enhance audit quality.
- Considered analyses of the significant comments and issues raised by respondents on the ITC.
- Approved the project proposal³ for commencement of work to revise the Quality Management Standards⁴ and consulted with the IAASB Consultative Advisory Group (CAG) on the proposal.

¹ Proposed International Standard on Auditing (ISA) 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

² [Invitation to Comment, *Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits*](#)

³ [Enhancing Audit Quality: Project Proposal for the Revision of the IAASB's International Standards Relating to Quality Control and Group Audits](#)

⁴ The Quality Management standards are International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*; ISQM 2, *Engagement Quality Reviews*; and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

- Consulted with the IAASB CAG on significant issues during the development of proposed ISA 600 (Revised).

Significant comments received through the consultation with the IAASB CAG have been brought to the IAASB's attention, and the ISA 600 Task Force (the Task Force) has reported back to the IAASB CAG the results of the IAASB's deliberations.

- Considered whether it is necessary to hold a public forum or roundtables, or to issue a consultation paper or conduct field testing, in order to solicit views on a matter under consideration.

As noted above, the IAASB issued an ITC prior to the development of the project proposal. During the exposure period, the Task Force also conducted two virtual webinars to provide a detailed overview of the proposals. No additional public forum or similar consultation, or further field testing were deemed necessary for proposed ISA 600 (Revised).

Exposure Draft

- Approved and issued an exposure draft⁵ for proposed ISA 600 (Revised) (the Exposure Draft) for public comment, including an explanatory memorandum highlighting, among other matters, the significant proposals of the IAASB.
- Considered analyses of the significant comments and issues raised by respondents on the Exposure Draft, including an outline of their proposed disposition and, as appropriate, the reasons significant changes recommended by respondents have, or have not, been accepted.
- Having familiarized themselves with the issues raised in comment letters, the IAASB members:
 - Deliberated significant matters raised in the comment letters received, including consideration of whether there were any issues raised by respondents, in addition to those summarized by the Task Force, that they considered should be discussed; and
 - Amended proposed ISA 600 (Revised) accordingly.
- Consulted with the IAASB CAG on significant issues raised in the comment letters on proposed ISA 600 (Revised) and the IAASB's related responses. Significant comments received to date through the consultation with the IAASB CAG have been brought to the IAASB's attention. At the IAASB CAG's September 2021 meeting, the Task Force reported back to the IAASB CAG the results of the IAASB's deliberations since the March 2021 IAASB CAG meeting. The Task Force has also reported back to the IAASB CAG the results of the IAASB's earlier deliberations.

⁵ [Exposure Draft, Proposed ISA 600 \(Revised\) and Proposed Conforming and Consequential Amendments to Other ISAs](#)