
INDEPENDENT REGULATORY BOARD FOR AUDITORS

COMMITTEE FOR AUDITING STANDARDS

IRBA Board Adopts International Standard on Auditing 600 (Revised), *Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)*

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Audits of group financial statements, or group audits, can be intricate and challenging. Due to their nature, the performance and quality of group audits have raised major concerns for regulators and standard setters across the globe - including the Independent Regulatory Board for Auditors (IRBA) - over the past few years. As a result, various projects have been undertaken globally and locally to improve the quality of group audits as well as strengthen the existing requirements and application material. In South Africa, for instance, the IRBA's restoring confidence strategy has improved audit quality as one of its main focal areas.

On that account, the International Auditing and Assurance Standards Board (IAASB) issued International Standard on Auditing (ISA) 600 (Revised), *Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)*, on 7 April 2022.

Subsequently, at its meeting on 29 July 2022, the IRBA Board approved ISA 600 (Revised) for adoption, issue and prescription for use by auditors in South Africa. The approval includes *Conforming and Consequential Amendments to Other International Standards*. ISA 600 (Revised) is a significant step forward in the efforts to enhance the consistent performance of quality group audit engagements; and it also supports the IRBA's strategy for renewed confidence and trust in the auditing profession.

The changes in substance between extant ISA 600 and ISA 600 (Revised) are that the latter includes a robust risk-based approach to planning and performing a group audit. The approach in ISA 600 (Revised) focuses the group auditor's attention and work effort on identifying and assessing the risks of material misstatement of the group financial statements, as well as designing and performing further audit procedures to respond to those assessed risks. It also recognises that component auditors can be, and often are, involved in all phases of the group audit. Furthermore, the standard promotes a clear, proactive and scalable approach for group audits that can be applied to today's evolving group audit structures.

The new and revised requirements also strengthen the auditor's responsibilities in relation to professional scepticism; planning and performing a group audit; two-way communication between the group auditor and component auditors; and documentation.

Moreover, the changes in the standard build on other recent IAASB revisions, such as those to the Quality Management standards. As such, they should enhance audit quality by strengthening the accountability of group auditors and clarifying the interactive relationship between group and component auditors. These changes also conclude the IAASB's project on major enhancements to the ISAs, including the [three Quality Management standards](#).

As a consequence of these changes, related conforming amendments have been made to the following ISAs:

- 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*;
- ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*;
- ISA 230, *Audit Documentation*;
- ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*;
- ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*;
- ISA 260 (Revised), *Communication with Those Charged with Governance*;
- ISA 300, *Planning an Audit of Financial Statements*;
- ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*;
- ISA 320, *Materiality in Planning and Performing an Audit*;
- ISA 402, *Audit Considerations Relating to an Entity Using a Service Organisation*;
- ISA 501, *Audit Evidence - Specific Considerations for Selected Items*;
- ISA 510, *Initial Audit Engagements - Opening Balances*;
- ISA 550, *Related Parties*;
- ISA 570 (Revised), *Going Concern*;
- ISA 610 (Revised 2013), *Using the Work of Internal Auditors*;
- ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*;
- ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*;
- ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*;
- ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*;
- ISA 710, *Comparative Information - Corresponding Figures and Comparative Financial Statements*;
- ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*;
- ISA 805 (Revised), *Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and
- International Standard on Review Engagements 2400 (Revised); *Engagements to Review Historical Financial Statements*.

ISA 600 (Revised) and the related *Conforming and Consequential Amendments to Other International Standards* become effective for audits of financial statements for periods beginning on or after 15 December 2023. Early adoption is permissible and encouraged by the IRBA.

These documents, ISA 600 (Revised) and the related *Conforming and Consequential Amendments to Other International Standards*, may be downloaded from the IRBA website at www.irba.co.za. Should you have any further queries, please email the [Standards Department](#).

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About the IRBA

The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.

The statutory responsibilities of the Committee for Auditing Standards are to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information, where requested; and promote and ensure the relevance of auditing pronouncements.