



Australian Government
Auditing and Assurance Standards Board

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2 October 2020

Mr Willie Botha
Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
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New York, New York 10017 USA

Dear Willie,

AUASB Submission on the IAASB's Proposed International Standard on Auditing ISA 600 *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*

The Australian Auditing and Assurance Standards Board (AUASB) is pleased to have the opportunity to comment on the IAASB's Proposed International Standard on Auditing ISA 600 (Revised) *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)* ("ED ISA 600").

In formulating its response, the AUASB has sought input from its constituents in three principal ways. The first was from hosting a series of virtual roundtable meeting with stakeholders representing assurance providers from medium and large audit firms, the public sector and the professional accounting bodies across Australia; the second was through an open invitation to provide comments placed on the AUASB website; and the third was by way of formal discussions between AUASB members at recent board meetings.

The AUASB is supportive of the intentions behind the IAASB's proposed revisions to ISA 600. We are strongly supportive of the risk based approach to planning and performing a group engagement in the proposed standard, the close alignment ED ISA 600 has to the recently revised ISA 315 (Revised) *Identifying and Assessing the Risks of Material Misstatement* and the recently approved ISA 220 *Quality Management for an Audit of Financial Statements*, and the introduction of separate component auditor sections throughout the standard is a welcome revision which will assist the scalability of the proposed standard.

Whilst the majority of the feedback we received on ED ISA 600 supported the overall themes and key concepts in the proposed standard, there are a number of matters which we consider need to be addressed by the IAASB in order to ensure auditors apply the proposed standard consistently and effectively. The AUASB raises the following key points for the IAASB's consideration:

1. *Component auditors*

While the AUASB largely supports that the decision of the nature and extent of the involvement of component auditors should be determined by the group engagement team based on an assessment of risk, the AUASB highlights that component auditors may not hold a sense of accountability and responsibility towards the group auditor and that this may impact on the auditors exercise of professional scepticism in the audit work assigned to them.

The exercise of professional scepticism by component auditors is particularly at risk where the involvement of the component auditors is limited to specific further audit procedures as identified and communicated by the group engagement team. These limited procedures could imply that the component auditor is only required to undertake those procedures with no other professional judgement or professional scepticism required to be applied. The AUASB suggests that the application material in ED ISA 600 needs to reinforce the importance of professional judgment and professional scepticism by component auditors, as well as the inclusion of additional application material highlighting the importance of teams working towards a common goal as well

as further emphasising some of the risks to consider when dealing with diverse teams and entity management across multiple jurisdictions.

Finally, the AUASB highlights that the standard may diminish the importance and role of component auditors, with too great a focus on the group auditor. Australian stakeholders fed back to the AUASB that they considered ED ISA 600 may be interpreted so that it is more efficient and effective for the group engagement team to directly perform much of what component teams are doing today and there is an unintended consequence that, under ED ISA 600, the group engagement team would be better off performing as much work centrally as possible. The view expressed in our outreach was that ED ISA 600 does not sufficiently recognise that, for groups that are complex and large that may need localised knowledge and specialisation, high levels of involvement by component auditors is of critical importance to audit quality. Whilst this is a matter of the group auditor's professional judgement, our recommendation is that the IAASB consider providing additional guidance that highlight potential risks associated with lower levels of component auditor involvement.

Further information relating to these points about Component Auditors in the proposed standard is in the AUASB's response to Questions 3 & 8 in Attachment 1 to this letter.

2. *Scope and Applicability of ED ISA 600 (including Scalability)*

The AUASB generally supports the scope and applicability of ED ISA 600, including the definition of group financial statements and the linkage to a consolidation process. However, ED ISA 600 as it is currently written captures in scope some very simple group structures (for example, a single entity with branches for which no component auditors are used) for which the requirements in the proposed standard may be considered excessive. While the AUASB understands that the underlying ISAs need to be addressed and ED ISA 600 relates to special considerations for group audits only, the expected level of documentation to effectively demonstrate that the special considerations of ED ISA 600 may not be applicable for very simple group structures and could be considered excessive. The AUASB recommends that, for single entity structures with different locations (or 'branches'), the introductory material to ED ISA 600 is updated to allow greater scope for the auditor to exercise professional judgement in determining whether ED ISA 600 applies. The IAASB could determine the factors to be considered in exercising professional judgement including considerations such as inherent risk factors, commonality of controls and centralisation of activities.

Additionally, as the title of ED ISA 600 refers to 'group financial statements' there is a risk that practitioners do not realise that they are working with a group engagement under ED ISA 600 when auditing a single entity that is not a group in the traditional sense (e.g. subject to a consolidation process). To aid in the clarity of the applicability of ED ISA 600, the AUASB recommends that the introductory section of the proposed standard should specifically call out that ED ISA 600 includes such single entities in scope in certain circumstances (i.e. multiple locations or branches) and what requirements an auditor needs to address in these scenarios.

Finally, ED ISA 600 currently does not include any reference to how the requirements of the proposed standard apply to public sector entities. The AUASB considers the IAASB should include additional application material relevant to group audit arrangements that may exist in the public sector, such as the audit of whole of government financial statements.

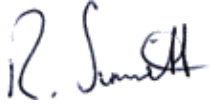
3. *Access*

The AUASB acknowledges and supports the inclusion of enhancements to the requirements and application within ED ISA 600 in relation to access to people and information. We note however that some of the requirements and application material appear to only identify and acknowledge existing practical challenges rather than provide group engagement teams with appropriate guidance on how to overcome such restrictions. For example, the requirements and application guidance do not outline how the group engagement team is expected to apply sufficient and appropriate risk assessment procedures if the group includes equity accounted investments, where there are restrictions on access to information and people. The AUASB's response to Question 7 in Attachment 1 to this letter provides further details.

The AUASB's detailed responses to the specific questions asked in the Exposure Draft accompany this letter as Attachment 1.

Should you have any queries regarding this submission, please do not hesitate to contact me or Rene Herman at rherman@auasb.gov.au

Yours sincerely,

A handwritten signature in black ink, appearing to read "R. Simnett". The signature is written in a cursive style with a large initial "R" and a long, sweeping underline.

Professor Roger Simnett AO
Chair

ED ISA 600

1. With respect to the linkages to other standards:

- (a) Does ED ISA 600 have appropriate linkages to other International Auditing Standards and with the proposed ISQMs?
- (b) Does ED ISA 600 sufficiently address the special considerations in a group audit with respect to applying the requirements and application material in other relevant International Auditing Standards, including proposed ISA 220? Are there other special considerations for a group audit that you believe have not been addressed in ED ISA 600?

Response:

Except for ISA 580 *Written Representations*, ISA 250 *Considerations of Laws and Regulations in an Audit of Financial Statements* and the recently approved ISA 220 *Quality Management for an Audit of Financial Statements* (ISA 220 Revised), the AUASB considers that ED ISA 600 has the appropriate linkages to other ISAs/ISQMs and ED ISA 600 deals sufficiently with the special considerations in relation to group engagements. The AUASB recommends the following additional linkages and special considerations:

- Extant ISA 600 applies, as appropriate, when the auditor involves other auditors in the audit of financial reports that are not group financial reports. For example, an auditor may involve another auditor to observe the inventory count or inspect physical fixed assets at a remote location. Recently approved ISA 220 *Quality Management for an Audit of Financial Statements* (ISA 220 Revised), application material paragraph A1 indicates that this may still be the case under the recently approved new standards. The AUASB recommends that the introductory section to ED ISA 600 demonstrates this link to ISA 220 Revised as this linkage is not currently clear.
- We recommend the proposed standard includes a specific link to the consideration of laws and regulations, with respect to the potential impact on the group audit for the group engagement team. For example, linkage to ISA 250 may be included in paragraph 44(b) of ED ISA 600.
- While the AUASB supports the concept that the identification of a component is as determined by the auditor for purposes of planning and performing audit procedures, and this may or may not align with the group structure as viewed by management, the AUASB highlights that there may be practical difficulty in obtaining a management representation letter from component management (where deemed necessary). Written representations are generally requested from those responsible for the preparation of the financial report. Those individuals may vary depending on the governance structure of the entity, and relevant law or regulation. While recognising that in practice for the group audit, the group engagement team may obtain a representation from group management responsible for the preparation of the group financial statements, the group engagement team may also require a component level management representation letter. Obtaining such a letter may be complicated in situations where component management cannot be clearly identified, as the auditor's view of a component may not necessarily align to the management structure of the entity. The AUASB recommends that application material in relation to ISA 580 *Written Representations* be included within the proposed ED-ISA 600 to provide guidance to the auditor in these situations.

2. **With respect to the structure of the standard, do you support the placement of sub-sections throughout ED ISA 600 that highlight the requirements when component auditors are involved?**

Response:

The AUASB supports the placement of sub-sections throughout ED ISA 600 that highlight the requirements when component auditors are involved, as this greatly aids with the scalability of the proposed standard.

The AUASB considers that it may be beneficial to users of the standard, for a table summarising all the requirements related to component auditors as applicable to each phase of the audit be included as an appendix to the standard.

3. **Do the requirements and application material of ED ISA 600 appropriately reinforce the exercise of professional scepticism in relation to an audit of group financial statements?**

Response:

The AUASB considers that the exercise of professional scepticism in relation to an audit of group financial statements could be strengthened through additional application material and the AUASB makes the following recommendations:

Component auditors

While the AUASB largely supports that the decision of the nature and extent of the involvement of component auditors is the determination of the group engagement team based on an assessment of risk, the AUASB highlights that there is a risk that component auditors may not hold a sense of accountability and responsibility towards the group auditor and possibly impact on the auditors general exercise of appropriate professional scepticism in the audit work assigned to them. Refer also our response to Question 8(a).

The exercise of professional scepticism by component auditors is particularly at risk where the involvement of the component auditors is limited to specific further audit procedures as identified and communicated by the group engagement team. These limited procedures could imply that the component auditor is only required to undertake those procedures with no other professional judgement or professional scepticism required to be applied (akin to an agreed upon procedures engagement).

The AUASB suggests that the application material to ED-ISA 600 needs to reinforce the importance of professional judgment and professional scepticism by component auditors and that the component auditor through 2-way communication with the group engagement team, has the mechanisms / flexibility to undertake additional procedures and report/communicate on any issues that may threaten the group audit and that impact on the efficiency and effectiveness of the group audit and that component auditors are not be limited by the scope of work 'pushed down' by the group engagement team. Additionally, application material could expand on considerations for the group audit team to communicate to the component auditors such as:

- specific legal and political impacts affecting the entity;
- cultural environment relevant to the entity; and
- other risk factors that may be consistent across the components known to the group auditor.

Engagement Resources

Audit research highlights the importance of a team/shared identity in minimising coordination and communication issues. While the paragraph A40 of the proposed standard acknowledges that audit work conducted across different locations with different characteristics (for example, language and culture) may be more challenging in a group audit engagement, the AUASB encourages additional application material that further emphasises potential risks to consider when dealing with diverse audit teams and management.

Specific Questions

- 4. Is the scope and applicability of ED ISA 600 clear? In that regard, do you support the definition of group financial statements, including the linkage to a consolidation process? If you do not support the proposed scope and applicability of ED ISA 600, what alternative(s) would you suggest (please describe why you believe such alternative(s) would be more appropriate and practicable).**

Response:

The AUASB generally supports the scope and applicability of ED ISA 600, including the definition of group financial statements and the linkage to a consolidation process. However, the AUASB recommends that the scope and application of the standard be clarified and that the introductory paragraphs be strengthened in this regard. The AUASB recommends the following enhancements to the introductory paragraphs:

- The definition of “group financial statements” could be further enhanced by directly incorporating the “consolidation process” definition which is a key element to the entry point into the standard.
- ED ISA 600 scopes in some very simple group structures for example a single entity with branches for which no component auditors are used. While the AUASB understands that the underlying ISAs are applicable and ED ISA 600 is special considerations only, there is expected to be an extensive amount of documentation to effectively demonstrate that the special considerations of ED ISA 600 are largely not applicable. The AUASB recommends that for single entity structures, the auditor exercises professional judgement in determining whether ED ISA 600 applies. The IAASB could determine the factors to be considered in exercising professional judgement including considerations such as inherent risk factors, commonality of controls and centralisation of activities.
- The title of ED ISA 600 refers to ‘group financial statements’, with there being a common understanding of the use of the term ‘group’ and ‘consolidation process’, there is a risk that practitioners do not realise that they are working with a group engagement under ISA 600. To aid in the clarity of the applicability of ED ISA 600, the AUASB recommends that the introductory section of the proposed standard should specifically call out that ED ISA 600 includes such single entities in certain circumstances.
- Extant ISA 600 applies, as appropriate, when the auditor involves other auditors in the audit of financial reports that are not group financial reports. For example, an auditor may involve another auditor to observe the inventory count or inspect physical fixed assets at a remote location. Recently approved ISA 220 *Quality Management for an Audit of Financial Statements* (ISA 220 Revised), application material paragraph A1 indicates that this may still be the case under the recently approved new standards. The AUASB recommends that the introductory section to ED ISA 600 demonstrates this link to ISA 220 Revised as this linkage is not currently clear.

5. **Do you believe the proposed standard is scalable to groups of different sizes and complexities, recognising that group financial statements, as defined in ED ISA 600, includes the financial information of more than one entity or business unit? If not, what suggestions do you have for improving the scalability of the standard?**

Response:

The AUASB acknowledges that the level of scalability is dependent on the auditor's professional judgement, as the standard facilitates a group auditor's decision to aggregate common components. Additionally, the AUASB supports the built-in scalability of separate sections when using component auditors in the proposed standard. However, there are some scenarios where the AUASB does not consider that the proposed standard is scalable to groups of different sizes and complexities. The AUASB makes the following suggested enhancement to aid in the scalability of the proposed standard:

- ED ISA 600 scopes in some very simple group structures for example a single entity with branches where their financial information is aggregated and for which no component auditors are used. While the AUASB understands that the underlying ISAs are applicable and ED ISA 600 is special considerations only, there is expected to be an extensive amount of documentation to effectively demonstrate that the special considerations of ED ISA 600 are largely not applicable. The AUASB recommends that for simple single entity structures, the auditor exercises professional judgement in determining whether ED ISA 600 applies. The IAASB could determine the factors to be considered in exercising professional judgement including considerations such as inherent risk factors, commonality of controls and centralisation of activities.
- An appendix to the standard, or implementation support on scalability with examples of types of group audits with related scaled requirements, for example scalability considerations that would be particularly beneficial for the public sector:
 - one component in the same jurisdiction as the parent;
 - several components with the same risk profile as the parent in the same jurisdiction.

6. **Do you support the revised definition of a component to focus on the 'auditor view' of the entities and business units comprising the group for purposes of planning and performing the group audit?**

Response:

The AUASB supports the revised definition of a component to focus on the 'auditor view' of the entities and business units comprising the group for purposes of planning and performing the group audit.

The AUASB highlights that the "auditor view" definition of a component may lead to some practical implementation challenges which, with further considerations, could be avoided at the planning stage of the engagement. For example, when determining components, the AUASB believes that it is important for the auditor to consider the availability and accessibility of financial information, disaggregated at the appropriate level, for group audit purposes. The AUASB recommends including additional application material to paragraph A12 to take such considerations into account when determining the "auditor's view" of a component.

7. **With respect to the acceptance and continuance of group audit engagements, do you support the enhancements to the requirements and application material and, in particular, whether ED ISA 600 appropriately addresses restrictions on access to information and people and ways in which the group engagement team can overcome such restrictions?**

Response:

The AUASB recognises the enhancements made by the IAASB in relation to access to information and people however the AUASB still raises concern with access issues particularly for entities that are not under the group's control. The AUASB raises the following matters for consideration:

- Paragraph 15(c) of ED ISA 600 requires management to acknowledge and understand its responsibilities to provide the engagement team with unrestricted access to any person(s) within the group from whom the engagement team determines it necessary to obtain audit evidence. The AUASB is concerned that this requirement may not be able to be met in the case of group entities which are not controlled by group management. The AUASB suggests the words 'where possible' be included in paragraph 15(c). Alternatively, paragraph 15 could be reworded to commence as follows: "*In applying ISA 210...shall ~~obtain~~ request the agreement*".
- While paragraph A29 provides guidance that when the group has a non-controlling interest in an entity that is accounted for by the equity method, the engagement team may be able to overcome restrictions by considering publicly available information. The AUASB questions the practicality of such guidance and whether the requirements of the proposed standard could be met. If access to necessary information and people is not provided or cannot be provided on a timely basis, the AUASB considers that the requirements of paragraph 42 of ED ISA 600 could not reasonably be expected to be met. The AUASB considers that the guidance contained in A29 may be contradictory to meeting the requirements of paragraph 42 of ED ISA 600. The AUASB recommends that the IAASB should provide further application guidance on how the group engagement team is expected to apply the requirements and guidance in ED ISA 600 in situations where there are restrictions on access. This approach of using publicly available information may only be viable for lower risk equity investments. This may be the intention of the standard but could be made clearer. The AUASB recommends that the proposed standard should address what is acceptable audit evidence, for the purpose of the group audit engagement in these situations.

8. Will the risk-based approach result in an appropriate assessment of the risks of material misstatement of the group financial statements and the design and performance of appropriate responses to those assessed risks? In particular, the IAASB is interested in views about:

- (a) **Whether the respective responsibilities of the group engagement team and component auditors are clear and appropriate?**

Response:

Further to our response to question 3, the AUASB highlights that the standard may be diminishing the importance and role of component auditors with more of a focus on the group auditor. ED-600 may be interpreted that the group engagement team should directly perform or take over much of what component teams are doing today and there is a focus on the group engagement team performing as much work centrally as possible. In our view ED-600 does not sufficiently recognize that, for groups that are complex and large that may need localised knowledge and specialisation, high levels of involvement by component auditors are of critical importance to audit quality. Whilst this is a matter of the group auditor's professional judgement, our recommendation is that the IAASB consider providing additional guidance that highlight potential risks associated with lower levels of component auditor involvement.

We further understand there to be a body of research that reflects that component auditors, coming from different offices, do not always consider themselves part of a team, which may impact coordination efforts, and reduce the effectiveness of component auditor's work. Academic research indicates that fostering a team identity is important for all distributed teams, even teams from the same office. To this end, the AUASB supports extending the application material supporting paragraph 12 to set the

tone in facilitating, efforts of the entire group engagement team, a team identity with a common goal. The AUASB notes that the Explanatory Memorandum notes that when component auditors are involved, they are an integral part of the engagement team. The proposed standard, however, does not effectively reflect this sentiment.

- (b) **Whether the interactions between the group engagement team and component auditors throughout the different phases of the group audit are clear and appropriate, including sufficient involvement of the group engagement partner and group engagement team?**

Response:

The AUASB considers that the interactions between the group engagement team and component auditors throughout the different phases of the group audit are clear and appropriate.

- (c) **What practical challenges may arise in implementing the risk-based approach?**

Response:

The AUASB foresees the following practical challenges that may arise:

- The AUASB notes that it may be challenging to apply a risk-based approach where it is difficult to identify risk on unusual, geographically dispersed or apparently small/dormant business units and entities. A top-down focus on risk assessment relies upon effective group financial management processes and the standard would be useful if it helped auditors identify potential weaknesses in these processes that may make it difficult to perform such a risk assessment and provide guidance on suitable responses.
- In responding to the assessed risk of material misstatement, the group engagement team may decide to use one or multiple approaches to gather audit evidence. When the group engagement team uses component auditors, the engagement team may request the component auditor to design and perform further audit procedures on the entire financial information of the component. The AUASB considers that the meaning of *'Design and perform further audit procedures on the entire financial information of the component'* is not sufficiently clear. The AUASB recommends that the IAASB clarify whether this approach is meant to be a full-scope reasonable assurance engagement.
- While the AUASB supports the concept that the identification of a component is as determined by the auditor for purposes of planning and performing audit procedures and may or may not align with the group structure as viewed by management, the AUASB highlights the practical difficulty of obtaining a management representation letter (refer response to question 1). Written representations are generally requested from those responsible for the preparation of the financial report. Those individuals may vary depending on the governance structure of the entity, and relevant law or regulation. Since the identification of a component may not align with the governance structure of the entity, the AUASB recommends special considerations in relation to ISA 580 are included within the proposed ED-ISA 600.
- Equity accounted investments – Refer to our response to question 7 relating to potential restrictions on access to information and people.
- The auditor view of component may result in unavailability or inaccessibility of financial information disaggregated at the appropriate level for group audit purposes.

9. Do you support the additional application material on the commonality of controls and centralised activities, and is this application material clear and appropriate?

Response:

The AUASB supports the additional application material on the commonality of controls and centralised activities and consider that it is clear and appropriate.

10. Do you support the focus in ED ISA 600 on component performance materiality, including the additional application material that has been included on aggregation risk and factors to consider in determining component performance materiality?

Response:

The AUASB supports the focus in ED ISA 600 on component materiality, however, raises the following matters for consideration:

- Paragraph 29 of ED-600 states that component materiality “shall be lower than group performance materiality”. The AUASB suggests that this is changed to “Shall not be greater than group performance materiality”. When a group has a component that represents almost 100% of the group, it may be reasonable to use the group performance materiality to audit this component.
- While the AUASB supports the factors to consider in determining component performance materiality, Australian stakeholders have raised concern with the lack of guidance and examples regarding the actual calculation and allocation of performance materiality. The AUASB encourages the IAASB to provide implementation guidance and examples of performance materiality outside of the revised standard.
- Paragraph A13 of ISA 320 refers to aggregation risk without a clear definition of aggregation risk within ISA 320. While the AUASB supports the definition of aggregation risk as included at paragraph 9(a) of ED ISA 600, the AUASB queries the placement of this definition. The AUASB recommends that aggregation risk is defined within ISA 320 with the special considerations of such risk being addressed in ISA 600.

11. Do you support the enhanced requirements and application material on documentation, including the linkage to the requirements of ISA 230? In particular:

(a) Are there specific matters that you believe should be documented other than those described in paragraph 57 of ED ISA 600?

Response:

The AUASB considers that the documentation requirements could be strengthened if it is explicitly tied into the requirements of paragraphs 49-51 with respect to the overall assessment of sufficiency and appropriateness of audit evidence. The IAASB could also consider the following documentation requirements:

- The nature, timing and extent of the group engagement team’s work over group management activities such as the consolidation process.
 - The group engagement team’s evaluation of the aggregated misstatements identified (whether by the group engagement team or component auditors) on the group financial statements.
- (b) Do you agree with the application material in paragraphs A129 and A130 of ED ISA 600 relating to the group engagement team’s audit documentation when access to component auditor documentation is restricted?**

Response:

The AUASB is supportive of the application material in paragraphs A129 and A130.

12. Are there any other matters you would like to raise in relation to ED ISA 600?

Response:

- The AUASB recognises that communications between the group engagement team and component auditors happen at different times throughout the engagement. However, there are some communications that the AUASB recommends be referenced in paragraph 44 as part of the concluding communications, these include paragraphs 20(c) (independence), 41(a) (related parties), 41(b) (going concern) and 48 (subsequent events).
- Paragraph 23: With regard to engagement performance, we agree with paragraph A51 that the engagement circumstances should be considered when determining the nature, timing and extent of direction and supervision of component auditors and the review of their work. We recommend that paragraph 23 be expanded to include a requirement for the group engagement partner to consider engagement circumstances. This will direct due attention to paragraph A51.
- Paragraph 38: The AUASB notes that the terminology of *higher assessed risks of material misstatement* is not consistent with ISA 315. The term 'higher' in ISA 315 is associated with the spectrum of inherent risk. The AUASB suggests that this sentence is revisited.
- Paragraph 44(e): The AUASB notes that communication of any differences, appears to have no minimum threshold. The AUASB suggests that this threshold is revisited.
- Paragraph A14: The AUASB recommends that the content of A14 is included as part of the definition of component auditor in paragraph 9(c).
- Paragraph A40: The AUASB understands that research indicates that audit quality concerns are associated with the use of both network and unaffiliated component auditors. The AUASB therefore, recommend that the points expressed in paragraph A40 not be expressly limited to circumstances when component auditors are not from the same firm as there may be differences in quality management, independent of whether the component auditor is from the same firm or not. Alternatively, the AUASB suggests that A40 line 7 could read "... These differences may pose additional challenges in the co-ordination".
- The AUASB would like to see a separate section in the introduction or in application material that deals with special considerations for the public sector.
- The Explanatory Memorandum suggests in some paragraphs (for example, paragraphs 25 and 77) that guidance will be provided in the form of FAQs or part of the implementation support materials. Overall, we support the concept of providing additional guidance to auditors as this is beneficial during practical implementation and promotes consistency, however we suggest that the IAASB reassesses the appropriate location for guidance and implementation support materials. We highlight that FAQs and implementation support materials serve a purpose and are appropriate in some circumstances, however it is highly likely that auditors and other stakeholders do not access this information if it is residing outside the standard, and it may not be used in the manner expected or intended, or considered as important or form part of the formal guidance when applying the standard. This is particularly important where matters giving rise to the need to have additional guidance are issues auditors would be dealing with on a regular basis as part of practically applying the standard.

Request for General Comments

13. The IAASB is also seeking comments on the matters set out below:

- (a) **Translations—Recognising that many respondents may intend to translate the final ISA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing the ED-600.**

Response:

The AUASB has no comment to make.

- (b) **Effective Date—Recognising that ED ISA 600 is a substantive revision, and given the need for national due process and translation, as applicable, the IAASB believes that an appropriate effective date for the standard would be for financial reporting periods beginning approximately 18 months after approval of a final ISA. Earlier application would be permitted and encouraged. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the ISA.**

Response:

The AUASB supports an effective date of 18 months after the approval of the final ISA with earlier application permitted.