

**ANNEX A: CONFORMING AMENDMENTS TO THE ISCA AUDIT GUIDANCE STATEMENTS AS A RESULT OF SSA 600 (REVISED) SPECIAL CONSIDERATIONS – AUDITS OF GROUP FINANCIAL STATEMENTS (INCLUDING THE WORK OF COMPONENT AUDITORS)**

Audit Guidance Statement (AGS)		Changes to AGS
Standard	Extant Paragraphs	Final Paragraphs
AGS 1 <sup>1</sup>	References to SSA 600 updated to SSA 600 <a href="#">(Revised)</a>	
AGS 1 Appendix 1D, 1F and 1J	<p><b>INDEPENDENT AUDITOR’S REPORT</b></p> <p>(...)</p> <p><b>Auditor’s Responsibilities for the Audit of the Financial Statements</b></p> <p>(...)</p> <p>As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:</p> <p>(...)</p> <ul style="list-style-type: none"> <li>Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.</li> </ul>	<p><b>INDEPENDENT AUDITOR’S REPORT</b></p> <p>(...)</p> <p><b>Auditor’s Responsibilities for the Audit of the Financial Statements</b></p> <p>(...)</p> <p>As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:</p> <p>(...)</p> <ul style="list-style-type: none"> <li><a href="#">Plan and perform the group audit to</a> <del>Obtain—obtain</del> sufficient appropriate audit evidence <a href="#">regarding the financial information of the entities or business units within the group as a basis for</a> <del>regarding the financial information of the entities or business activities within the Group to</del> <a href="#">express—forming</a> an opinion on the <del>consolidated—group</del> financial statements. We are responsible for the direction, supervision and <del>performance—review</del> of the <a href="#">audit work performed for purposes of the</a> group audit. We remain solely responsible for our audit opinion.</li> </ul>

<sup>1</sup> AGS 1, *Sample Independent Auditor’s Reports*

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AGS 1 Appendix 4A – 4D	<p><b>INDEPENDENT AUDITOR’S SUPPLEMENTARY REPORT</b></p> <p>(...)</p> <p><b>Auditor’s Responsibilities for the Audit of the Financial Statements</b></p> <p>(...)</p> <p>As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:</p> <p>(...)</p> <ul style="list-style-type: none"> <li>[Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.]</li> </ul>	<p><b>INDEPENDENT AUDITOR’S SUPPLEMENTARY REPORT</b></p> <p>(...)</p> <p><b>Auditor’s Responsibilities for the Audit of the Financial Statements</b></p> <p>(...)</p> <p>As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:</p> <p>(...)</p> <ul style="list-style-type: none"> <li>[<u>Plan and perform the group audit to Obtain—obtain</u> sufficient appropriate audit evidence <u>regarding the financial information of the entities or business units within the group as a basis for</u><del>regarding the financial information of the entities or business activities within the Group to express—forming</del> an opinion on the <del>consolidated—group</del> financial statements. We are responsible for the direction, supervision and <del>performance—review</del> of the <u>audit work performed for purposes of the</u> group audit. We remain solely responsible for our audit opinion.]</li> </ul>
AGS 5 <sup>2</sup>	References to SSA 600 updated to SSA 600 ( <a href="#">Revised</a> )	
AGS 9 <sup>3</sup>	References to SSA 600 updated to SSA 600 ( <a href="#">Revised</a> )	

<sup>2</sup> AGS 5, *Audits of Entities in Specific Industries, Professions or Vocations*

<sup>3</sup> AGS 9, *Opinion on Receipts, Expenditure, Investment of Moneys and the Acquisition and Disposal of Assets by Statutory Boards*

Audit Guidance Statement (AGS)		Changes to AGS
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AGS 9 Appendix I Illustration 2	<p><b>INDEPENDENT AUDITOR'S REPORT</b></p> <p>(...)</p> <p><b>Auditor's Responsibilities for the Audit of the Financial Statements</b></p> <p>(...)</p> <p>As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:</p> <p>(...)</p> <ul style="list-style-type: none"> <li>Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.</li> </ul>	<p><b>INDEPENDENT AUDITOR'S REPORT</b></p> <p>(...)</p> <p><b>Auditor's Responsibilities for the Audit of the Financial Statements</b></p> <p>(...)</p> <p>As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:</p> <p>(...)</p> <ul style="list-style-type: none"> <li><u>Plan and perform the group audit to</u> <del>Obtain</del> <u>obtain</u> sufficient appropriate audit evidence <u>regarding the financial information of the entities or business units within the group as a basis for</u> <del>regarding the financial information of the entities or business activities within the Group to</del> <u>express</u> <del>forming</del> an opinion on the <del>consolidated group</del> financial statements. We are responsible for the direction, supervision and <del>performance</del> <u>review</u> of the <u>audit work performed for purposes of the</u> group audit. We remain solely responsible for our audit opinion</li> </ul>
AGS 10 <sup>4</sup> Definitions	<p><b>Definitions</b></p> <p>6. For purposes of this Statement, the following terms have the meanings attributed below:</p> <p>(...)</p>	<p><b>Definitions</b></p> <p>6. For purposes of this Statement, the following terms have the meanings attributed below:</p> <p>(...)</p>

<sup>4</sup> AGS 10, *Joint Audits*

Audit Guidance Statement (AGS)		Changes to AGS
Standard	Extant Paragraphs	Final Paragraphs
	(b) Component auditor – An auditor who, at the request of the group engagement team, performs work on financial information related to a component for the group audit.	(b) Component auditor – <a href="#">An auditor who performs audit work related to a component for purposes of the group audit. A component auditor is a part of the engagement team<sup>2</sup> for a group audit.</a> <del>An auditor who, at the request of the group engagement team, performs work on financial information related to a component for the group audit.</del>  <sup>2</sup> <a href="#">SSA 220 (Revised), paragraph 12(d)</a>
AGS 10 Appendix 1	<p><b>INDEPENDENT JOINT AUDITOR'S REPORT</b></p> <p>(...)</p> <p><b>Auditors' Responsibilities for the Audit of the Consolidated Financial Statements</b></p> <p>(...)</p> <p>As part of an audit in accordance with [applicable auditing framework], we exercise professional judgement and maintain professional scepticism throughout the audit. We also:</p> <p>(...)</p> <ul style="list-style-type: none"> <li>Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.</li> </ul>	<p><b>INDEPENDENT JOINT AUDITOR'S REPORT</b></p> <p>(...)</p> <p><b>Auditors' Responsibilities for the Audit of the Consolidated Financial Statements</b></p> <p>(...)</p> <p>As part of an audit in accordance with [applicable auditing framework], we exercise professional judgement and maintain professional scepticism throughout the audit. We also:</p> <p>(...)</p> <ul style="list-style-type: none"> <li><a href="#">Plan and perform the group audit to Obtain—obtain</a> sufficient appropriate audit evidence <a href="#">regarding the financial information of the entities or business units within the group as a basis for</a><del>regarding the financial information of the entities or business activities within the Group to express—forming</del> an opinion on the <del>consolidated—group</del> financial statements. We are responsible for the direction, supervision and <del>performance—review</del> of the <a href="#">audit work performed for purposes of the</a> group audit. We remain solely responsible for our audit opinion.</li> </ul>

Audit Guidance Statement (AGS)		Changes to AGS
Standard	Extant Paragraphs	Final Paragraphs
AGS 12 <sup>5</sup>	References to SSA 600 updated to SSA 600 <a href="#">(Revised)</a> References to group engagement team updated to group <a href="#">auditor</a>	
AGS 12 paragraph 5	<p>5. Below are the relevant extracts of SSA 600 that are pertinent to the evaluation of the adequacy of the work performed by the component auditor:</p> <p><i>30. If a component auditor performs an audit of the financial information of a significant component, the group engagement team shall be involved in the component auditor's risk assessment to identify significant risks of material misstatement of the group financial statements. The nature, timing and extent of this involvement are affected by the group engagement team's understanding of the component auditor, but at a minimum shall include:</i></p> <p style="margin-left: 40px;">(a) <i>Discussing with the component auditor or component management those of the component's business activities that are significant to the group;</i></p> <p style="margin-left: 40px;">(b) <i>Discussing with the component auditor the susceptibility of the component to material misstatement of the financial information due to fraud or error; and</i></p> <p style="margin-left: 40px;">(c) <i>Reviewing the component auditor's documentation of identified significant risks of material misstatement of the group financial statements. Such documentation may take the form of a memorandum that reflects the</i></p>	<p>5. <del>Below are t</del>The relevant <del>extracts of requirements and application material in</del> SSA 600 (Revised) that are pertinent to the evaluation of the adequacy of the work performed by the component auditor: <u>are as follows:</u></p> <ul style="list-style-type: none"> <li>• <a href="#">Paragraph 46 and A147</a></li> <li>• <a href="#">Paragraph 47 and A148–A149</a></li> <li>• <a href="#">Paragraph 51 and A151–A155</a></li> </ul>

<sup>5</sup> AGS 12, Group Audits - Inaccessibility of Component Auditors' Work Papers and Other Considerations

Audit Guidance Statement (AGS)		Changes to AGS
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	<p><i>component auditor's conclusion with regard to the identified significant risks.</i></p> <p><i>42. The group engagement team shall evaluate the component auditor's communication (see paragraph 41). The group engagement team shall:</i></p> <ul style="list-style-type: none"> <li><i>(a) Discuss significant matters arising from that evaluation with the component auditor, component management or group management, as appropriate; and</i></li> <li><i>(b) Determine whether it is necessary to review other relevant parts of the component auditor's audit documentation. (Ref: Para. A61)</i></li> </ul> <p><i>A61. What parts of the audit documentation of the component auditor will be relevant to the group audit may vary depending on the circumstances. Often the focus is on audit documentation that is relevant to the significant risks of material misstatement of the group financial statements. The extent of the review may be affected by the fact that the component auditor's audit documentation has been subjected to the component auditor's firm's review procedures.</i></p> <p><i>44. The auditor is required to obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level and thereby enable the auditor to draw reasonable conclusions on which to base the auditor's opinion. The group engagement team shall evaluate whether sufficient appropriate audit evidence has been obtained from the audit procedures performed on the consolidation process and the work</i></p>	

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	<p><i>performed by the group engagement team and the component auditors on the financial information of the components, on which to base the group audit opinion. (Ref: Para. A62)</i></p>	
AGS 12 paragraph 6	<p>6. In situations where the group engagement team had planned to visit the component auditor to perform a review of the work papers but are unable to do so, or there are no other practicable means to obtain those work papers, alternative methods to perform the review need to be undertaken to obtain sufficient appropriate audit evidence to meet the requirements of SSA 600.44 (see paragraphs 9 – 12).</p>	<p>5. In situations where the group <del>engagement team</del> <u>auditor</u> had planned to visit the component auditor to perform a review of the work papers but are unable to do so, or there are no other practicable means to obtain those work papers, alternative methods to perform the review need to be undertaken to obtain sufficient appropriate audit evidence to meet the requirements of SSA 600.44 <del>(Revised) paragraph 51</del> <u>(Revised) paragraph 51</u> (see paragraphs 9 – 12).</p>
AGS 12 paragraph 8	<p>8. In assessing the extent of such review required by SSA 600.42(b), the group engagement team may consider the following factors, amongst others:</p> <p>(a) Knowledge of the professional competence of the component auditor. This knowledge may be enhanced from the review of previous audit work by the component auditor.</p> <p>(b) Whether acceptable quality management policies and procedures are complied with in the conduct of the component auditor's practice.</p> <p>(c) Whether the work performed by the component has been reviewed by an engagement quality reviewer of the component auditor's practice.</p>	<p>8. In assessing the extent of such review required by SSA 600.42(b), <del>the group engagement team may consider the following factors, amongst others:</del> <u>(Revised) paragraph 47, the group auditor considers the degree of direction and supervision of the component auditor, and the review of their work during the course of the group audit, as well as other factors listed under paragraph A149.</u></p> <p><del>(a) Knowledge of the professional competence of the component auditor. This knowledge may be enhanced from the review of previous audit work by the component auditor.</del></p> <p><del>(b) Whether acceptable quality management policies and procedures are complied with in the conduct of the component auditor's practice.</del></p>

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	<p>(d) Robustness of group-wide and entity-level controls of the component, including level of supervision by the corporate office of the component.</p> <p>(...)</p>	<p><del>(c) Whether the work performed by the component has been reviewed by an engagement quality reviewer of the component auditor's practice.</del></p> <p><del>(d) Robustness of group wide and entity level controls of the component, including level of supervision by the corporate office of the component.</del></p> <p>(...)</p>
AGS 12 paragraph 9	<p>8. In addressing the requirements of SSA 600.44, apart from visiting the component auditor's office to review work papers or reviewing the work papers remotely through the use of technology, such reviews can also be performed by way of requesting the component auditor to provide a detailed reporting memorandum, corroborated through group engagement team's discussions with the component auditor, especially on the significant risks of material misstatement and areas of significant estimates and judgements. Any alternative methods of reviewing audit work papers need to comply with the laws and regulations of the component auditor's jurisdiction.</p>	<p>9. In addressing the requirements of SSA 600.44 <u>(Revised) paragraph 51</u>, apart from visiting the component auditor's office to review work papers <del>or reviewing the work papers remotely through the use of technology</del>, such reviews can also be performed by <del>way of requesting the component auditor to provide a detailed reporting memorandum, corroborated through group engagement team's discussions with the component auditor, especially on the significant risks of material misstatement and areas of significant estimates and judgements</del> <u>the methods described under paragraph A180</u>. Any alternative methods of reviewing audit work papers need to comply with the laws and regulations of the component auditor's jurisdiction.</p>
AGS 12 paragraph 10	<p>10. The audit documentation needs to include sufficient details for the group engagement team to conclude on the adequacy of the work performed by the component auditor. Sufficient details typically include the following:</p>	<p>10. The audit documentation needs to include sufficient details for the group <del>engagement team</del> <u>auditor</u> to conclude on the adequacy of the work performed by the component auditor. Sufficient details typically include the following:</p>



Audit Guidance Statement (AGS)		Changes to AGS
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	<ul style="list-style-type: none"> <li>• Nature, timing and extent of procedures performed, which may include details such as descriptions of source documents, basis of sampling, sample size and personnel inquired;</li> <li>• How the component team assessed that significant estimates and judgements by component management are reasonable;</li> <li>• Description of results of procedures performed; and</li> <li>• Conclusions reached</li> </ul> <p>Such details would allow an experienced reviewer having no previous connection with the audit to assess how the group engagement team was able to conclude that the work performed by the component team was sufficient to base the group audit opinion.</p> <p>The group engagement team should refer to paragraphs 8 – 11 of SSA 230, <i>Audit Documentation</i> for requirements on the extent of documentation and ACRA's Audit Practice Bulletin No.1 of 2015 for illustrative examples.</p>	<ul style="list-style-type: none"> <li>• Nature, timing and extent of procedures performed, which may include details such as descriptions of source documents, basis of sampling, sample size and personnel inquired;</li> <li>• How the component team assessed that significant estimates and judgements by component management are reasonable;</li> <li>• Description of results of procedures performed; and</li> <li>• Conclusions reached</li> </ul> <p>Such details would allow an experienced <del>reviewer</del><u>auditor</u> having no previous connection with the audit to <del>assess how to understand</del> the <del>group engagement team was able to conclude that the work</del><u>nature, timing and extent of audit procedures performed by, the evidence obtained, and the component team was sufficient conclusions reached with respect</u> to <del>base</del><u>significant matters arising during</u> the group audit <del>opinion</del>.</p> <p>The group <del>engagement team</del><u>auditor</u> should refer to paragraphs 8 – 11 of SSA 230, <i>Audit Documentation</i> for requirements on the extent of documentation and <del>ACRA's ISCA's Audit Practice Bulletin No.1 of 2015</del><u>ISCA's Audit Practice Bulletin No.1 of 2015</u> <del>Key Revisions to Group Audits – SSA 600 (Revised)</del> for illustrative examples.</p>
AGS 12 paragraph 11	11. Discussions with the component auditor and the salient areas of the discussions should be duly documented via minutes.	11. Discussions with the component auditor and the salient areas of the discussions should be duly documented via minutes.

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	<p>The group engagement team could also participate in the component auditor’s key meetings (such as planning meetings and finalisation meetings) with the component’s management team via video / conference call, so as to understand the key accounting / audit issues discussed, and how the issues were resolved. This can also include discussions with component auditor’s EQCR, where applicable, to understand critical issues raised by the EQCR and whether they were satisfactorily addressed, and also corroborate certain matters documented in the detailed memorandum with the EQCR.</p>	<p>The group <del>engagement team</del> <u>auditor</u> could also participate in the component auditor’s key meetings (such as planning meetings and finalisation meetings) with the component’s management team via video / conference call, so as to understand the key accounting / audit issues discussed, and how the issues were resolved. This can also include discussions with component auditor’s <del>EQCR</del> <u>engagement quality reviewer (“EQR”)</u>, where applicable, to understand critical issues raised by the <del>EQCR</del> <u>EQR</u> and whether they were satisfactorily addressed, and also corroborate certain matters documented in the detailed memorandum with the <del>EQCR</del> <u>EQR</u>.</p>
AGS 12 paragraph 13	<p>13. In the situation where the component auditor is unable to perform the planned audit procedures for a significant component as a result of the extraordinary event, the component auditor and the group engagement team consider alternative procedures to be performed. The group engagement team assesses whether the alternative procedures are appropriate and whether sufficient and appropriate audit evidence is obtained from the alternative procedures performed. Where the audit evidence obtained by the component auditor is not sufficient, the group engagement team assesses if there are further audit procedures which</p>	<p>13. In the situation where the component auditor is unable to perform the planned audit procedures for a <del>significant</del> <u>significant</u> component as a result of the extraordinary event, the component auditor and the group <del>engagement team</del> <u>auditor</u> consider alternative procedures to be performed. The group <del>engagement team</del> <u>auditor</u> assesses whether the alternative procedures are appropriate and whether sufficient and appropriate audit evidence is obtained from the alternative procedures performed. Where the audit evidence obtained by the component auditor is not sufficient, the group <del>engagement team</del> <u>auditor</u> assesses if there are further audit procedures which can be performed by the group <del>engagement team</del> <u>auditor</u> themselves.</p>

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	<p>can be performed by the group engagement team themselves.</p> <p>The group engagement team should refer to paragraph 6 of SSA 500 <i>Audit Evidence</i> for requirements on obtaining sufficient appropriate audit evidence.</p>	<p>The group <del>engagement team</del>auditor should refer to paragraph 6 of SSA 500 <i>Audit Evidence</i> for requirements on obtaining sufficient appropriate audit evidence.</p>