

GLOSSARY OF TERMS 1

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving [CAS 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*](#).

Fraud risk factors – Events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving [CAS 600, *Special Considerations – Audits of Group Financial Statements \(Including the Work of Component Auditors\)*](#).

Component – An entity or business activity for which group or component management prepares financial information that should be included in the group financial statements.

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.

Component management – Management responsible for the preparation of the financial information of a component.

Component materiality – The materiality for a component determined by the group engagement team.

Group – All the components whose financial information is included in the group financial statements. A group always has more than one component.

Group engagement partner – The partner or other person in the firm who is responsible for the group audit engagement and its performance, and for the auditor's report on the group financial statements that is issued on behalf of the firm. Where joint auditors conduct the group audit, the joint engagement partners and their engagement teams collectively constitute the group engagement partner and the group engagement team.

Group engagement team – Partners, including the group engagement partner, and staff who establish the overall group audit strategy, communicate with component auditors, perform work on the consolidation process, and evaluate the conclusions drawn from the audit evidence as the basis for forming an opinion on the group financial statements.

Group financial statements – Financial statements that include the financial information of more than one component. The term "group financial statements" also refers to combined financial statements aggregating the financial information prepared by components that have no parent but are under common control.

Group-wide controls – Controls designed, implemented and maintained by group management over group financial reporting.

Significant component – A component identified by the group engagement team (a) that is of individual financial significance to the group, or (b) that, due to its specific nature or circumstances, is likely to include significant risks of material misstatement of the group financial statements.

Footnotes

1. In the case of public sector engagements, the terms in this glossary should be read as referring to their public sector equivalents.

Where accounting terms have not been defined in the pronouncements of the Auditing and Assurance Standards Board, reference should be made to the Glossary of Terms published by the Accounting Standards Board.
