

CPA Canada handbook – assurance highlight summary no. 38 August 2022

Glossary of Terms

Several definitions in the Glossary of Terms have been revised to align with the definitions contained in Canadian Auditing Standard (CAS) [600](#).

[CAS 600](#), Audits of Group Financial Statements (Including the Work of Component Auditors)

This CAS replaces existing CAS 600, *Audits of Group Financial Statements (Including the Work of Component Auditors)*. It incorporates changes to establish more robust requirements and provide detailed guidance for group auditors and component auditors when conducting a group audit. Revised CAS 600:

- introduces a principles-based approach that can be adapted for a wide variety of circumstances and is scalable for audits of groups of different complexity;
- establishes a framework for planning and performing a group audit engagement;
- emphasizes the importance of professional skepticism;
- clarifies the various types of restriction issues and the ways in which the group auditor may be able to overcome restrictions on access to people and information, and audit documentation, including restrictions on:
 - o access to component management;
 - o those charged with governance of the component;
 - o component auditors; or
 - o information at the components;
- clarifies how the concepts of materiality and aggregation risk apply in a group audit;
- clarifies the importance of two-way communications between the group auditor and component auditors, including the group auditor's expectation that communications will take place at appropriate times throughout the group audit; and
- strengthens various aspects of the group auditor's interaction with component auditors, including:
 - o communicating relevant ethical requirements;
 - o determining competence and capabilities of the component auditor; and
 - o determining the appropriate nature, timing and extent of involvement by the group auditor in the work of the component auditor.

Revised [CAS 600](#) is effective for audits of financial statements for periods beginning on or after December 15, 2023. Earlier application is permitted.

As a result of issuing revised [CAS 600](#), requirements in the following standards have been amended to align with the auditor's responsibilities regarding audits of group financial statements:

- CAS 300, *Planning an Audit of Financial Statements*, paragraph [11](#);
- CAS 320, *Materiality in Planning and Performing an Audit*, paragraph [9](#); and
- CAS 700, *Forming an Opinion and Reporting on Financial Statements*, paragraph [39\(c\)](#).

Editorial changes have been made to other standards as a consequence of issuing [CAS 600](#).

Archived Pronouncements

To give Handbook readers continued access to superseded [CAS 600](#) and [paragraphs in other standards and Sections, supplements in the Archived Pronouncements set out the wording of CAS 600 and paragraphs in other standards and Sections. The archived material will be withdrawn from the Handbook when it is no longer effective.](#)