

COMPARATIVE ANALYSIS OF AUDIT REPORT TYPES ON THE CONSOLIDATED FINANCIAL STATEMENTS

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ABSTRACT: Audits carried out in accordance with International Standards on Auditing or International Standards on Review Engagements and procedures undertaken by the independent auditor made under the International Standard on Related Services are two totally different commitments in terms of the independent auditor to express an audit opinion on a report. What happens when on these types of commitment a comparative analysis is performed to highlight the strengths and weaknesses of each, and not least the need to inform the beneficiaries meeting report issued by the independent auditor.

The empirical study presented aims to present, the context of an atypical commitment, a solution of the type of mission which may be subject to a commitment by the auditor, studying comparatively the relevant standards applicable or audit missions as appropriate, based on ISA 700 Formulating an opinion and reporting on financial statements, ISA 800 Special considerations - Audits of financial statements prepared in accordance with special purpose frameworks, ISA 600 Special considerations - Audits of group financial statements (including the work of component auditors), ISRS 4400 Engagements to perform agreed-upon procedures regarding financial information and ISRE 2400 Engagements to Review Historical Financial Statements and highlighting of relevant information to users.

Key words: consolidated financial statements, audit opinion, ISA 800, ISRS 4400, ISA 700

JEL Codes: M40, M41, M42,

Introduction

In an audit concluded between the external auditor and the Beneficiary of the Report depending on the type of commitment (based on ISA 700 / ISA 800 or ISRS 4400) are highlighted minimal elements that it must include. The letter of commitment, document regulated by the Chamber of Financial Auditors of Romania, document which is the basis of an audit is different depending on the content standard as governing mission.

Therefore, commitment concluded between the external auditor and the Beneficiary under ISRS 4400 Engagements to perform agreed-upon procedures regarding financial information has as objective, to our case, preparing the synthetic consolidated financial statements with the highlighting of some relevant information for users and submission to Beneficiaries of the Report on the achievement of agreed procedures.

Because the procedures performed by the independent auditor is not an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, in this mission is not expressed any assurance on the financial position and result of exercise as of 31.12.2013.

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In terms of the audit engagement agreement between the external auditor and the beneficiary, the auditor's responsibility is to express an opinion on the financial statements based on our audit. This will carry out the audit in accordance with ISA 800 Special considerations - audits of financial statements prepared in accordance with special purpose frameworks and other applicable auditing standards adopted by the Chamber of Financial Auditors of Romania. They require that the auditor comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Also, "that auditors consider, intuitively, qualitative factors besides the quantitative method when determining the materiality. Highlighting these factors will allow for the transition from intuition to reason, with a positive impact on the effectiveness of the auditing activity" (Irimie (Popa) Emil, et. al., 2013). The objective of this engagement is auditing the consolidated financial statements of synthetic highlighting relevant information for users and submission to beneficiaries of the audit report.

Research methodology

The purpose of the research is to highlight the differences between audit opinion resulting from the audit engagement under ISA 700 Formulating an opinion and reporting on financial statements or as the case ISA 800 Special considerations - audits of financial statements prepared in accordance with special frameworks purpose and highlighting of relevant information to users, information audited by an auditor and presented in a report issued under the International Standard on Related Services ('ISRS') 4400 Engagements to perform agreed-upon procedures regarding financial information, issued by the International Federation of Accountants ("IFAC"). The opinion expressed in a report issued by an external auditor is required to substantiate the Bank's lending decision of a group of companies.

In light of the investigative process that took place this paper is based on data interpretation methods, so that it prevails the deductive approach from theory to practice, research inductive interference consisting empirical study conducted at SC ALPHA SRL (the parent company) requesting a loan from the bank, the credit is used and guaranteed jointly by the companies of a group of companies among which there are, predominantly, affiliate relationships, and operational links. The empirical study covers two consecutive financial years, exercises in which the commitment type is based in the first year on ISRS 4400 and in the second year on ISA 800. Methods of analysis issues temporal criterion consolidation process at a time, for the first fiscal year 31.12.2012 under ISRS 4400 and the second exercise 31.12.2013 under ISA 800, were predominantly longitudinal.

In terms of typology of the investigation, this paper is based on qualitative methods: theoretical documentation through analysis and systematization of the literature, the study of legal and professional rules main normative documents studied were the International Standard on Related Services ('ISRS') 4400 Engagements to perform agreed-upon procedures regarding financial information, ISA 800 Special considerations - audits of financial statements prepared in accordance with special purpose frameworks and highlighting of relevant information to users, ISA 700 Formulating an opinion and reporting on financial statements, OMFP nr. 3055/2009 for Accounting Regulations in accordance with European directives, user document analysis as a tool of qualitative method - empirical study, which is to present individual financial statements and consolidation stages of eliminating intra-group effects on the consolidated financial position and performance of the consolidated entity, and synthesis found in drawing conclusions aimed at explaining and assessing the situation found.

To reach our objectives, we formulated and tested a research hypothesis related to the differences between audit :

- **Hypothesis H.1: The relevance of the audit and the users' understanding of the groups auditors opinions on the consolidated financial statements are influenced by the contracted and agreed type of the audit reports.**
- **Hypothesis H.2: There are significant differences between auditors' opinions on the consolidated financial statements resulting from the specific standard:**

- International Auditing Standard ISA 700 "Forming an Opinion and Reporting on Financial Statements"
- ISA 800 "Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks"
- International Standard on Related Services ISRS 4400 "Engagements to perform agreed-upon procedures regarding financial information"

Theoretical background

The interest of academic communities and of business environment in studying the audit of the consolidated financial statements is largely manifested during the last years and is based especially upon the social role of audit in an international context, dominated by profound reverberations of macroeconomic volatility.

Significant dedicated literature upon the theme of audit quality was developed especially in the last years and the favorite association is between the audit quality and the appropriate audit report or/and the audit correct opinion on the financial statements (Neri and Russo, 2014; Elshafie and Nyadroh, 2014; Chambers and Payne, 2011; Francis, 2011). Otherwise, this represents the main assertion of our present work, regarding the direct correlation between the adequate audit opinion and the audit quality, according to ISA 700, ISA 800 or ISRS 4400. Nowadays, debates on the audit reports content are more actual than ever (Bedard et al., 2014), even the idea of content of disclosure items in the audit reports is not new, but the ideas spread widely since the 2008 financial crisis.

Also, we remark the institutional context and the recent proposed changes to the International Standards on Auditing (ISAs), related to the initiative of the International Auditing and Assurance Standards Board (IAASB) to change in 2014 some relevant ISAs. The mentioned board approved in March 2014 an Exposure Draft (ED), *Proposed Changes to the International Auditing Standards (ISAs)–Addressing Disclosures in the Audit of Financial Statements*. This represents a complex essay to promote disclosure, considering to be "a fundamental part of financial statements, seen as an increasingly important way for preparers to communicate deeper insights about the entity's financial position and financial performance than is possible through the primary financial statements alone".

Table no. 1

Overview of the proposed changes and significant matters in the International Auditing Standards ISAs

Proposed item	International Auditing Standards ISAs
Clarifying the Meaning of Disclosures	Proposed Change to ISA 200 <i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing</i>
Guiding Auditors to Address Audit Considerations Relating to Disclosures Early in the Audit	Proposed Changes to ISA 210 <i>Agreeing the Terms of Audit Engagements</i> ISA 260 <i>Communication with Those Charged with Governance</i>

Proposed item	International Auditing Standards ISAs
	ISA 300 <i>Planning an Audit of Financial Statements</i>
Identifying, Assessing and Responding to Risks of Material Misstatement – Disclosure Considerations	Proposed Changes to ISA 240 <i>The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements</i> ISA 315 <i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i> ISA 320 <i>Materiality in Planning and Performing an Audit</i> ISA 330 <i>The Auditor’s Responses to Assessed Risks</i>
Clarifying and Elaborating Expectations of Auditor when Evaluating Misstatements and Forming on Opinion	Proposed Changes to ISA 450 <i>Evaluation of Misstatements Identified during the Audit</i> ISA 700 <i>Forming an Opinion and Reporting on Financial Statements</i>

Author processing

Source: Proposed Changes to the International Auditing Standards (ISAs)–Addressing Disclosures in the Audit of Financial Statements, 2014

National studies on the audit on the consolidated financial statements were scanty until few years ago, based on the incipient development of the group of companies in our economy. We can distinguish only few incipient papers in the domain, based on the national accounting and audit changes at the beginning of 2000 (Tiron-Tudor, 2007), that explored the stage of audit standards and practice in Romania. That period was characterised through the legislative initiatives in order to establish the legal framework in audit (the compulsory audit for the companies that have accomplished some criteria regarding to total assets, turnover and number of employees for the previous year). As the economic environment was developed, the scientific papers have grown (but insignificantly) after 2000, when the stage of knowledge increased, based on the necessity to create the tools for the accounting and auditing of the group companies. Disclosure behaviour of the group entities was a major theme in that period of the developing of the first group companies in Romania (Tiron-Tudor, 2010). The author was interested in the material disclosure harmonization for consolidated financial statements and found that for the period 2006-2008 there were only 14 Romanian entities from the first Bucharest Stock Exchange category which should present annual and intermediary consolidated financial statements. This suggests the basic stage of the developing of the groups listed companies in the mentioned period 2006-2008. The same situation was maintained and in the 2009, when the number of companies that disclosed their consolidated financial statements was lower (Tiron-Tudor and Ratiu, 2010).

Recent national approach (Müller, 2014) underlined the importance of the IFRS adoption since 2005 for the listed companies on a stock exchange (European), that contributed to the increasing of the consolidated statements quality (value relevance). A marginal theme of the consolidated financial reporting, regarding to goodwill recognition in Romania was approached by Baltariu and Cirstea (Baltariu and Cirstea, 2012), that proved a high degree of harmonization. An important contribution in the accounting of the group companies and in the preparing of the consolidated financial statements belong to Sedki, Smith and Strickland (Sedki et al., 2014), authors that emphasize the differences between IFRS and GAAP.

Despite of the importance of the audit of the group of companies, the literature on the domain is very scanty and the empirical studies insufficiently explore such main issue. In this context, our paper intends to fill a gap in the theoretical delimitations and practices of the consolidated financial reporting and auditing from Romania.

Regulatory aspects on the types of external audit engagements

Preparing of consolidated financial statements is included in the regulatory framework issued nationwide, ie MFP Order nr.3055 / 2009 pt. 22 par. 1 "consolidated financial statements comprise the consolidated balance sheet, consolidated profit and loss account and notes to the consolidated financial statements. These documents constitute a whole" (par. 2). On consolidation procedures that are found in this legislation we will not, because this part is exposed in an array of the empirical study on the following pages. We note only that this section of the normative act is divided into three parts: the consolidated balance sheet, consolidated profit and loss account and consolidated balance sheet common provisions and profit and loss statement describing the methods of consolidation. Also, we remark the opinion above "consolidated financial statements must be exclusively prepared according to the International Financial Reporting Standards, with the indication that the requirement regarding the content of paragraph 199 of IAS 1 should be applied in this case also. This provision should be applied even for the uncertainties associated to the evaluation base, especially of the tangible assets consisting of lands and buildings, otherwise, there is a major risk the auditor of a component will not detect a deviation in the financial information, which can cause a significant distortion of the group's financial statements" (Tamas, Socol, 2011).

Regarding the types of regulations of engagement of the external auditor we will do next in a tabular form a comparison of international norms (Table no. 2):

Table no. 2

Comparison of types of engagement of the external auditor to audit the consolidated financial statements

ISRS 4400 "Engagements to perform agreed-upon procedures regarding financial information"	ISA 800 "Special considerations - Audits of financial statements prepared in accordance with special purpose frameworks"	ISA 700 „Formulating an opinion and reporting on financial statements"	ISRE 2400 "Engagements to Review Historical Financial Statements"	ISA 600 "Special considerations - Audits of group financial statements (including the work of component auditors)"
No insurance	Wholesale insurance, not absolute	Absolute insurance	Limited insurance	Absolute insurance
Report on factual findings	Audit Report	Audit Report	Report review	Audit Report
Letter of commitment	Letter of commitment	Letter of commitment	Letter of acceptance of	Letter of commitment

(varies the components of the letter)			the mission	
High materiality threshold	Low materiality threshold	Low materiality threshold	Low materiality threshold	Determined from the small group
Independence is not mandatory	Independence is mandatory	Independence is mandatory	Independence is mandatory	Independence is mandatory
Agreed procedures	ISA	ISA	ISRE 2400	ISA
Low coverage	High coverage	High coverage	Low coverage	High coverage
Use of the report is restricted	Use of the report is restricted	Use of the report is restricted	Use of the report is restricted	Use of the report is restricted
Optional: evaluation of the internal control system, risk determination, etc.	Optional: evaluation of the internal control system, risk determination, etc.	Optional: evaluation of the internal control system, risk determination, etc.	Optional: evaluation of the internal control system, risk determination, etc.	Optional: evaluation of the internal control system, risk determination, etc.

Source: Author processing

The theme of the study is: audit mission based on agreed procedures versus audit engagement based on ISA 800 and ISA 600 700 on synthetic consolidated financial statements performed by an independent auditor in SC ALPHA LLC, the parent company.

„In order to reveal the “trustworthy image” of the financial position, the assets, the liabilities and of the performance of an entity, it is necessary to adopt, know, understand and/or to apply the corresponding accounting policies” (Danescu et. al., 2012).

Mission requested and accepted by letter of commitment is to achieve certain procedures related to preparation of consolidated financial statements, emphasizing the following items of interest to the companies included in consolidation and Beneficiary (the Bank):

- Strengthening intra-group transactions, both those of a commercial nature and those of other nature (namely groups of intra-group transactions accounts, creditors, various debtors, amounts due to associates, etc);
- Strengthening intra-group capital accounts (the shareholdings that a company has in another or more);
- Consolidation of profit and loss of income and expense by eliminating intra-group transactions;
- A consolidated highlight of short-term debt (less than 1 year - credit lines plus current portion of term loans leases plus current portion plus interest for 1 year) and long term (over one year portion of the loan plus the portion over 1 year lease).

The commitment of the auditor therefore consisted in achieving agreed-upon procedures related to consolidated financial statements and the presentation of items of common interest to companies in the group and common financier (the Bank). This consolidated information is intended for companies included in consolidation and the Bank, to be able to formulate their own conclusions based on

procedures performed by the auditor on lending indicators of the group, consisting mainly in: the level of capitalization of the group, return group activities, short-term debt, long-term debt and leverage on individual and total group.

The objective of this engagement was represented by performing consolidated financial statements (without audit of individual financial statements) with highlighting of relevant information to users, and the submission to beneficiaries of a report on the achievement of agreed procedures.

Starting from paragraph A26 of ISA 700 which “Under ISA 200, the auditor is not in his report compliance with ISAs unless the auditor has complied with the requirements of ISA 200 and all other ISAs relevant to the audit”.

According to ISA 200 - pt. 18 – “ The Auditor must comply with all ISAs relevant to the audit. An ISA is relevant to the audit when it is in place and the circumstances in which ISA addresses exist”. It also requires that “ The auditor must respect each requirement of an ISA unless, in the circumstances of the audit, the entire ISA is not relevant or the requirement is not relevant because it is conditional and the condition does not exist. In exceptional circumstances, the auditor may consider it necessary to depart from a relevant requirement in an ISA by performing alternative audit procedures to achieve the aim of that requirement”.

To identify the type of mission and the relevant standards applicable, we made a comparative situation including the most important aspects of the relevant standards applicable to the type of mission requested, in accordance with Annex 1.

Conclusions and limitations of the research

The only standard that applies in the context of the mission is ISA 800 as it responds to requirements of ISA 200 - pt. 18 (quoted above) in that the auditor should comply with all ISAs relevant to the audit, and an ISA is relevant to the audit when it is in force, and the circumstances in which ISA is addressed there. It also answers the requirement for the auditor to comply with each requirement of an ISA unless, in the circumstances of the audit, the entire ISA is not relevant or the requirement is not relevant because it is conditional and the condition does not exist. Also there are no exceptional circumstances for which the auditor may consider it necessary to depart from a relevant requirement in an ISA by performing alternative audit procedures to achieve the aim of that requirement (see table ISA 600 paragraph responsibility).

Drawing conclusions:

- ***Hypothesis H.1: The relevance of the audit and the users' understanding of the groups auditors opinions on the consolidated financial statements are influenced by the contracted and agreed type of the audit reports – is validated.***
- ***Hypothesis H.2: There are significant differences between auditors' opinions on the consolidated financial statements resulting from the specific standard – is validated.***

The limit of the research is the assumption that commitment has limited applicability as a specific type of commitment, but the proposed method has the advantage of extending and on other special engagements in which the question of relevant standards applied.

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Annex 1 Comparison of relevant standards applicable to the type of mission (ISA 600, ISA 800, ISRS 4400 and ISRE 2400)

INTERNATIONAL STANDARD ON AUDITING 600	Response mode according to the letter of assignment	ISA 800 - Special purpose financial statements (conformity frame)	Response mode according to the letter of assignment	ISRS 4400	Response mode according to the letter of assignment	ISRE 2400	Response mode according to the letter of assignment
The objectives of the auditor are:							
(a) To determine whether to act as auditor of the financial statements of the Group; and	No; there is no condition	(a) Mission acceptance;	Yes	The objective of a mission based on agreed procedures the auditor is to performing related procedures of an audit nature to which the auditor, and any third-party entity entitled agreed, and the auditor's report on factual findings.	Yes; no assurance is expressed	The objective of a review of financial statements is to enable the practitioner to determine whether, on the basis of procedures which do not provide all the evidence required in an audit, noticed any issue that causes him to believe that the financial statements are not prepared, in all material in accordance with the applicable financial reporting	The requirement does not fit in terms of the mission

							framework (negative assurance).	
(b) As the auditor of the group financial statements:	No; there is no condition	(b) Planning and performing of the mission; and	Yes	-	-	-	-	-
(i) To communicate clearly with the components auditors about the scope and timing of their work on the financial information corresponding to components and their findings; and	Requirement is not relevant because it is conditional and the condition does not exist	(c) Forming an opinion and reporting on financial statements.	Yes	-	-	-	-	-
(ii) To obtain sufficient appropriate audit evidence on the financial information of the components and the consolidation process to express an opinion on the extent to which the group's financial statements are prepared, in all material respects, in accordance with the applicable financial	No; there is no condition	-	-	-	-	-	-	-

reporting framework.							
Responsibility							
The group engagement partner is responsible for the management, supervision and how to conduct the group audit engagement in compliance with professional standards and applicable legal and regulatory requirements, and whether the auditor's report that is issued is appropriate in the circumstances	In exceptional circumstances, the auditor may consider it necessary to depart from a relevant requirement in an ISA by performing alternative audit procedures to achieve the aim of that requirement; those circumstances don't exist;	There are no provisions in ISA 800;	Is applied ISA 600. (paragraph 9 of ISA 800 Special considerations).	The auditor should ensure with representatives of the entity and usually other specified parties who will receive copies of the report of factual findings, that there is a clear understanding of agreed-upon procedures and conditions of the mission	Yes	The practitioner should plan and perform the review with an attitude of professional skepticism recognizing that circumstances may exist that would result in materially misstated financial statements.	The requirement does not fit in terms of the mission
Acceptance and continuation							

<p>In applying ISA 220, the group engagement partner will determine whether they can reasonably obtain sufficient appropriate audit evidence in relation to the consolidation and financial information of the components underlying the group audit opinion.</p>	<p>Not applicable</p>	<p>In an audit of special purpose financial statements, the auditor shall obtain an understanding related to: (a) The purpose for which the financial statements are prepared; (b) the targeted users, (c) the steps taken by management to determine whether the frame financial reporting is acceptable in the circumstances</p>	<p>Yes. ISA 210 (section 6 letters) requires the auditor to determine the acceptability of the financial reporting framework applied in preparing the financial statements (compliance framework)</p>	<p>Independence is not a requirement for agreed-upon procedures based missions; however, the terms or objectives of a mission or national standards may require the auditor to comply with the independence requirements of the Code of Ethics for Professional Accountants issued by the IFAC</p>	<p>Yes</p>	<p>A letter of assignment confirms that the practitioner accepts the appointment and helps avoid misunderstanding regarding matters as the objectives and the scope of the mission, responsibilities of the practitioner and form of reports to be issued.</p>	<p>Yes</p>
<p>Terms of the mission</p>							

<p>The group engagement partner shall agree the terms of the group audit mission</p>	<p>Yes</p>	<p>There are no provisions in ISA 800;</p>	<p>It is applied ISA 210, "Agreeing the terms of audit," paragraph 6 (a) and paragraph 9.</p>	<p>Items to be included in the letter of assignment include: listing of procedures to be performed as agreed upon between the parties; statement that the distribution of the report of factual findings will be restricted to the specified parties who have agreed to the procedures to be performed</p>	<p>Yes</p>	<p>Issues that will be contained in the letter of assignment include: The objective of the service that is provided. Management's Responsibility for the Financial Statements. The scope of the review, including references to the International Standard on Review Engagements 2400 (ISRE 2400 or standards or relevant national practices); Unrestricted access to any books, documents and other information required in connection with the review; A sample report is expected to be</p>	<p>Yes</p>
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						<p>taught; The fact that it is not certain that the mission will present illegal acts or other non-gularități, for example, fraud or defalcations that may exist; A statement that is not conducted an audit will be Matte expressing an audit opinion. To emphasize this and to avoid confusion, the practitioner may also emphasize that the review mission will not meet legal requirements or required by others in the audit.</p>	
The overall audit strategy and audit plan							

<p>The group engagement team will establish an overall audit strategy and the group will develop an audit plan at the group level</p>	<p>No</p>	<p>There are no provisions in ISA 800;</p>	<p>ISA 200 requires the auditor to comply with all ISAs relevant to the audit, paragraph 9 and 18</p>	<p>The auditor should plan the work so as to effectively carry out a mission</p>	<p>Yes</p>	<p>The practitioner should plan the work so as to make an effective mission</p>	<p>Yes</p>
<p>Understanding the group, its components and the environments in which they operate</p>							
<p>The auditor should identify and assess the risks of material misstatement through understanding the entity and its environment</p>	<p>Yes</p>	<p>There are no provisions in ISA 800;</p>	<p>It is applied ISA 600</p>	<p>There are no provisions in ISRS 4400;</p>	<p>Not applicable</p>	<p>necessary in the circumstances in order to achieve the objective review. The procedures required to conduct a review of financial statements should be determined by the practitioner, taking into account the requirements of this ISRE, relevant professional bodies, legislation and regulations</p>	<p>Da</p>

						and, where appropriate, review the terms of the engagement and reporting requirements . There are no provisions in ISRE 2400;	
Understanding the component auditor	No	There are no provisions in ISA 800;	Not applicable	There are no provisions in ISRS 4400;	Not applicable	There are no provisions in ISRE 2400;	Not applicable
Materiality threshold							
The group engagement team shall determine materiality threshold for the group financial statements as a whole when establishing the overall audit strategy at group level	No	In the case of special purpose financial statements, as those prepared in accordance with the requirements of a contract, management may agree with the intended users on a threshold below which misstatements	Yes	There are no provisions in ISRS 4400;	Not applicable	The practitioner should apply the same materiality considerations as applied when expresses an audit opinion on the financial statements	Yes

		<p>identified in an audit will not be corrected or otherwise adjusted. The existence of such a threshold does not relieve the auditor of the requirement to determine materiality threshold in accordance with ISA 320 for planning and conducting the audit special purpose financial statements.</p>					
Response to Assessed Risks							

<p>The auditor should design and implement appropriate responses to the treatment of assessed risks of material misstatement of the financial statements</p>	<p>Yes</p>	<p>There are no provisions in ISA 800;</p>	<p>It is applied ISA 330 "Auditor Response to Assessed Risks"</p>	<p>There are no provisions in ISRS 4400;</p>	<p>Not applicable</p>	<p>If the practitioner has reason to believe that the information subject to review may be materially misstated, he should perform additional or more extensive procedures as necessary in order to express negative assurance or to confirm the need for a modified report</p>	<p>Yes</p>
<p>Determining the type of activity to be performed on the financial information of the component</p>							

An audit of one or more account balances, classes of transactions or disclosures in relation to the likely significant risks of material misstatement of the financial statements of the group (significant component)	Yes	There are no provisions in ISA 800;	It is applied ISA 600	There are no provisions in ISRS 4400;	Not applicable	The procedures required to conduct a review of financial statements should be determined by the practitioner, taking into account the requirements of this ISRE, relevant professional bodies, legislation and regulations and, where appropriate, review the terms of the engagement and reporting requirements .	Yes
The group engagement team will conduct analytical procedures at group level (for components that are not significant)			It is applied ISA 600	There are no provisions in ISRS 4400;	Not applicable		
Involvement in the work of component auditors	No	There are no provisions in ISA 800;	Cerinta nu este relevanta	There are no provisions in ISRS 4400;	Not applicable	There are no provisions in ISRE 2400;	Not applicable
Consolidation process							

<p>The group engagement team obtains an understanding of controls at group level and the consolidation process, including instructions issued by group management to components</p>	<p>Yes - only in terms of the consolidation process</p>	<p>There are no provisions in ISA 800;</p>	<p>It is applied ISA 600</p>	<p>Through assimilation, the group engagement team obtains an understanding of the consolidation process, including instructions issued by group management to components</p>	<p>Da</p>	<p>There are no provisions in ISRE 2400;</p>	<p>It is applied ISA 600 regarding the consolidation process</p>
<p>Subsequent events</p>							
<p>The group engagement team will develop procedures to identify events relating to those components that occur between the dates of the financial information of the components and the date the auditor's report on the financial statements of the Group, which could lead to the need to adjust the presentation of the financial statements of the Group or the adjustment thereof.</p>	<p>Yes</p>	<p>There are no provisions in ISA 800;</p>	<p>It is applied ISA 600 and ISA 560 subsequent events</p>	<p>There are no provisions in ISRS 4400;</p>	<p>Not applicable</p>	<p>The practitioner must investigate events after the financial s situați-may involve adjustment or disclosure in the financial statements. The practitioner has no responsibility in performing procedures to identify events occurring after the date rapor-ment</p>	<p>Da</p>

						Review.	
Communication with the component auditor	No	There are no provisions in ISA 800;	Not applicable	There are no provisions in ISRS 4400;	Not applicable	There are no provisions in ISRE 2400;	Not applicable
To assess the sufficiency and appropriateness of audit evidence obtained	No	There are no provisions in ISA 800;	The provisions of ISA 600 and ISA 500 Audit Evidence are applied	There are no provisions in ISRS 4400;	Not applicable	There are no provisions in ISRE 2400;	The provisions of ISA 600 and ISA 500 Audit Evidence are applied
Communication with group management and those charged with governance of the group	Yes	There are no provisions in ISA 800;	Not applicable	There are no provisions in ISRS 4400;	Not applicable	There are no provisions in ISRE 2400;	It is applied ISA 600

<p>Documentation. The group engagement team shall include in the audit documentation the following:</p>			<p>Not applicable</p>	<p>The auditor should document matters which are important in providing evidence to support the report of factual findings, and evidence that the mission was carried out in accordance with this ISRS and the terms of the engagement auditor should perform procedures agreed upon and use the evidence obtained as the basis for the report of factual findings</p>	<p>Yes</p>	<p>The practitioner should document matters which are important in providing evidence to support the review report and evidence that the review was conducted in accordance with this standard.</p>	<p>Yes</p>
<p>(a) Analysis of components, indicating those that are</p>	<p>Yes</p>	<p>There are no provisions in ISA 800;</p>	<p>Not applicable</p>	<p>There are no provisions in ISRS 4400;</p>	<p>Not applicable</p>	<p>-</p>	<p>Not applicable</p>

significant, and the type of activities performed on the financial information of the components.							
(b) The nature, timing and extent of the group engagement team's involvement in the work performed by auditors of components on significant components including, where appropriate, the review by the group engagement team of the relevant parts of the components auditors' audit documentation and conclusions related.	No	There are no provisions in ISA 800;	Not applicable	There are no provisions in ISRS 4400;	Not applicable	-	Not applicable
(c) written communications between the group engagement team and the components auditors about the group engagement team's requirements.	No	There are no provisions in ISA 800;	Not applicable	There are no provisions in ISRS 4400;	Not applicable	-	Not applicable
Specific issues summarized in the auditor's report							

A statement that the procedures performed are meant to express an absolute assurance	Yes	A statement that the procedures performed are meant to express a high assurance, not absolute	Yes	A statement that the procedures performed do not constitute either an audit or review and therefore not expressed any insurance	Yes	A statement that the procedures performed are reviewed and therefore expressed a negative assurance	The requirement does not fit in terms of the mission
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