we still feel the need to improve both paragraph 24 and paragraph 88 of the exposure draft. Beginning with the latter, we suggest that it should be rephrased as below, in order to become compatible with the hierarchy of the sources of law.

As for paragraph 24, we believe that it should also refer to the same sources of law, and with the same order as set in paragraph 88, since it is the first time in the ISSAI that we, although with a different wording, write about audit criteria.

We also suggest, as in our former e-mail before the exposure draft, that paragraph 167 could be reviewed according to paragraph 32, second bullet, of ISSAI 100, thus conveying SAIs the possibility of communicating assurance in other formats (e.g. as part of the presentation of financial statements).

The ED 4000 § 24 states that the auditor can use "normative criteria", generating financial management, effectiveness of and control of public officials, control of projects, (or control of public officials, control of "projects"), as well as public officials, control of "projects". Using normative criteria is not as non-technical compared to using financial criteria. However, the context in which the two are used is not visible, and the reader is left wondering if the auditor should use both types of criteria. We believe that, in order for the reader to clearly understand the auditor's rationale, the use of normative criteria should be made explicit in the auditor's report. To this end, we suggest the following:\n
The SWIPE, as a core concept, is the set of practices that are common to all financial and non-financial audit engagements. It includes matters such as fairness, integrity, the avoidance of personal profit from public business, even-handedness in the appointment of staff, etc. Propriety may not be readily

affection on the opinion. The only exception is when the abuse is material and the materiality criteria is set by practicing the standard ISSAI 1320 Materiality in Planning and Performing an Audit. The auditor will have to become the one who set boundaries for what is acceptable, and that might not be the intention.

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<table>
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| 41   | We suggest modifying the sentence to: "Is it possible to anticipate known risks? Known risks are, well, known… However, it is possible to anticipate the consequences of known risks. Also, the last sentence needs a language makeover."
| 25   | Second sentence - a bit awkward language. |
| 102b | Engaging party - a bit peculiar concept in this context. Who will that be? |
| 106  | Replace “endeavour” with “perform” |
| 93   | On propriety: Better coherence between paras 25 and 91? |
| 83   | Domain expertise? A peculiar concept. Also, finds it somewhat remarkable that auditing skills and skills regarding data collection/-analysis is not mentioned. |
| 47   | Delete “the” before subject matter(s) |
| 30   | Second sentence - a bit awkward language. |
| 1    | First sentence: “at least” three parties? Will always be three and only three parties? |

Comment on the paragraph Decision Arguments - Response to the SAI

We suggest revising paragraph 106 as follows: “… the nature and extent to which evidence gathering procedures will be performed to appropriately address the audit risk.”

In para 104 you suggest using the words: "If evidence gathering procedures are not performed, the auditor should conclude that nothing has come to the auditor’s attention to cause a conclusion other than the conclusion reached in the limited assurance engagement. The auditor then concludes that nothing has come to the auditor’s attention that would lead him to believe that the subject matter is not in conformity with the applicable criteria.

Answer from GAO: A possible fix could be to reword, as follows: “In a limited assurance engagement, the auditor gathers sufficient and appropriate evidence to conclude whether the subject matter is in conformity with the applicable criteria. The auditor then concludes that nothing has come to the auditor’s attention that would lead him to believe that the subject matter is not in conformity with the applicable criteria.”
Is it really necessary to include a requirement about statistical sampling? In compliance audit this will be one of many possible quantitative techniques? Also, the text is rather imprecise on what sampling is. The text treats sampling as similarly to the suggestion made to point 7.c) it might be reasonable also here to include the audited entity itself into the list of intended users.

Para 31 suggests to use “are considered together with…” instead of “are performed together with…” in the last sentence.

Para 143 and Para 151 “based on” and “on the basis” might be redundant.

Para 98 “Special consideration” and “take into consideration” might be redundant.

Contents/Paragraph number should be assigned based on “Requirement” instead of each sentences/paragraphs. It would make definitions of “Requirement” clearer and also help readers better understand the structure (relation between points).

The exact meaning of the last sentence is hardly to identify, please consider revising (it is not clear what does “such recommendations” refer to in the given context, and how could recommendations lead to impaired objectivity).
<table>
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| 1.3     | The secondary heading:
|         | Operations and procedures etc. that are affected by non-compliance: states that such procedures may be identified as non-compliance... | para 70-74 |
| 1.6     | (1) requires that the auditor... | para 58-60 |
| 1.11    | (3) requires that the auditor... | para 108 |
| 1.13    | (2) requires that the auditor... | para 110 |
| 1.14    | The auditor updates both the audit strategy and the audit plan as necessary throughout the audit. | para 114 |
| 2.1     | (a) requires that the SAI... | para 16 |
| 2.2     | (c) states that the SAI... | para 13 |
| 2.3     | (c) states that the SAI... | para 7c |
| 3.2     | (3) states that the auditor... | para 75 |
| 3.3     | The auditor shall explicitly identify the intended users and the responsible party and consider the implication of their roles in order to conduct the audit and communicate accordingly. | para 96 |
| 3.5     | (2) states that the auditor... | para 61 |
| 3.6     | (3) states that the auditor... | para 103 |
| 3.7     | (2) states that the auditor... | para 51 |
| 4.1     | The auditor is to demonstrate professional behaviour, including, but not limited to, competence, integrity, objectivity, and sound judgment, and exercise due care. | para 44 |
| 4.2     | The auditor is to consider the effects of non-compliance... | para 61 |
| 4.3     | The auditor is to determine the amount of non-compliance to be... | para 96 |
| 4.4     | The auditor is to determine the extent of non-compliance to be... | para 75 |
| 4.5     | The auditor is to determine the nature of non-compliance to be... | para 75 |
| 4.6     | The auditor is to consider the implications of non-compliance... | para 61 |
| 4.7     | The auditor is to consider the nature of non-compliance... | para 96 |
| 4.8     | The auditor is to consider the nature of non-compliance... | para 103 |
| 4.9     | The auditor is to consider the nature of non-compliance... | para 51 |
| 4.10    | The auditor shall develop and document an audit strategy and an audit plan. | para 143 and 154 |
| 4.11    | The auditor shall develop and document an audit strategy and an audit plan. | para 155 |
| 4.12    | The auditor shall develop and document an audit strategy and an audit plan. | para 156 |
| 4.13    | The auditor shall develop and document an audit strategy and an audit plan. | para 157 |
| 4.14    | The auditor shall develop and document an audit strategy and an audit plan. | para 158 |
| 4.15    | The auditor shall develop and document an audit strategy and an audit plan. | para 159 |
| 4.16    | The auditor shall develop and document an audit strategy and an audit plan. | para 160 |
| 4.17    | The auditor shall develop and document an audit strategy and an audit plan. | para 161 |
| 4.18    | The auditor shall develop and document an audit strategy and an audit plan. | para 162 |
| 4.19    | The auditor shall develop and document an audit strategy and an audit plan. | para 163 |
| 4.20    | The auditor shall develop and document an audit strategy and an audit plan. | para 164 |
| 4.21    | The auditor shall develop and document an audit strategy and an audit plan. | para 165 |
| 4.22    | The auditor shall develop and document an audit strategy and an audit plan. | para 166 |
| 4.23    | The auditor shall develop and document an audit strategy and an audit plan. | para 167 |
| 4.24    | The auditor shall develop and document an audit strategy and an audit plan. | para 168 |
| 4.25    | The auditor shall develop and document an audit strategy and an audit plan. | para 169 |
| 4.26    | The auditor shall develop and document an audit strategy and an audit plan. | para 170 |
| 4.27    | The auditor shall develop and document an audit strategy and an audit plan. | para 171 |
| 4.28    | The auditor shall develop and document an audit strategy and an audit plan. | para 172 |
| 4.29    | The auditor shall develop and document an audit strategy and an audit plan. | para 173 |
| 4.30    | The auditor shall develop and document an audit strategy and an audit plan. | para 174 |
| 4.31    | The auditor shall develop and document an audit strategy and an audit plan. | para 175 |
| 4.32    | The auditor shall develop and document an audit strategy and an audit plan. | para 176|

The ISSAI 4000 presents excellent guidance on how to perform a compliance audit. The following additional issues may also be considered in order to further enhance the standard.

1. The evidence gathering process continues until the auditor is confident that sufficient and appropriate evidence has been obtained.
2. Further guidance could be given on how to select topics for compliance auditing.
3. The higher the level of risk, the greater the level of audit work that will be required to lower detection risk sufficiently to achieve the desired level of audit risk.
4. The paragraphs 185-191 are too long; they should be shortened.
5. The concept of materiality is applied by the auditor both in planning and executing the audit.
Guidance may be provided regarding instances where there is evidence that both supports and seems to contradict the audit findings. Perhaps, the auditor has to modify his/her audit procedures to resolve the matter and determine the

All SAIs may be obliged to proceed accordingly. Audit documentation should always be sufficient, so as to constitute a basis for the assessment and conclusions. Therefore, such distinction of SAIs being courts seems not entirely

Outsourcing of audit activities may not be an appropriate phrase in this context, because it implies that the SAI abandons a part of its mandate to the benefit of other entities. Thus, it would be more suitable to use the  expression “use of

When evaluating audit evidence (paragraph 145), we would also expect the auditor to evaluate whether the scope of work is sufficient to form a conclusion. This assessment is particularly relevant when the auditor considers that the

We do not agree with a statement in paragraph 31 that the auditor can provide a “true and fair view” on the subject matter. We believe that this type of opinion can only be used for the audit of financial statements. We would recommend

Paragraph 110 does not appear relevant to a section on understanding the entity and its environment. We were unable to obtain sufficient, appropriate audit evidence in respect of (and mention exception), and the possible effects are material, but not pervasive.

The qualified opinion is required to include appropriate explanation of the unmodified and qualified opinion (if any) in order to permit users to judge the scope and significance of such modifications. Such a basis for qualified opinion should typically include details of the additional work performed, the nature of the modification and the reasons for the qualification.

Based on the audit work performed, we found that, except for the possible effects of the matter described in the Basis for Qualified Opinion Section, the audited entity’s subject matter is in compliance, in all material respects with (the applied criteria).

• The qualified opinion regarding scope limitation, when the possible effects of insufficient evidence could be material but not pervasive, could be reworded as follows.

The nature of the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. In carrying out its audit, the auditor has

The effect of this court decision is to improve the quality of financial reports and to ensure that the financial statements are presented in accordance with the applicable financial reporting框架, which is in line with the principles of transparency and accountability.

The auditor may consider the relevant industry, laws and regulations, other external factors, the nature of the entity’s operations, governance arrangements, objectives and strategies or performance measures.

The wording in paragraph 25 suggests that the auditor would assess compliance with both regularity and propriety criteria. In our view, the auditor should be given choice in determining the audit objectives. In some jurisdictions, there

• One might also include the key audit matters as another element in the report.

We were unable to obtain sufficient, appropriate audit evidence in respect of (and mention exception), and the possible effects are material, but not pervasive.

the entity and its environment.

Understanding

strategy/audit

including the

Examples of the different types of audit opinions could be illustrated in an Appendix to the Standard

We found the statement in paragraph 183 “unless he/she is reasonably obvious forgeries” confusing and would propose that the Subcommittee considers rephrasing this to reflect that “the auditor might reasonably believe the evidence to be

It is to be expressly stated that: It is the responsibility of management, with the oversight of those charged with governance, to ensure that a public entity’s operations are conducted in accordance with the provisions of laws and

The nature of the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. In carrying out its audit, the auditor has

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It is to be expressly stated that: It is the responsibility of management, with the oversight of those charged with governance, to ensure that a public entity’s operations are conducted in accordance with the provisions of laws and

This Article could also require SAIs to prepare the basis for a qualified opinion in respect of all four types of modified opinions.

SAIs in applying the standards may find it beneficial to include additional explanation in paragraph 60 in relation to quality control procedures. It would be useful to have an explanation of what procedures could be performed by providing

When considering the purpose of the documentation of the audit work performed (paragraph 65), we would suggest that this was aligned with that included in ISSAI 1230, i.e. “to enable an experienced auditor, having no previous

SAIs in applying the standards may find it beneficial to include additional explanation in paragraph 60 in relation to quality control procedures. It would be useful to have an explanation of what procedures could be performed by providing

To our knowledge, there is no specific guideline on how to prepare and present the information on the audit report. In this country, the preparation of the audit report is usually left to the discretion of the auditor and the entity, and

When considering the purpose of the documentation of the audit work performed (paragraph 65), we would suggest that this was aligned with that included in ISSAI 1230, i.e. “to enable an experienced auditor, having no previous

We recommend that SAIs consider the following suggestions to improve the audit report:

We found the statement in paragraph 183 “unless he/she is reasonably obvious forgeries” confusing and would propose that the Subcommittee considers rephrasing this to reflect that “the auditor might reasonably believe the evidence to be

We were unable to obtain sufficient, appropriate audit evidence in respect of (and mention exception), and the possible effects are material, but not pervasive.
An auditor both identifies (the already existing) and prepares (when they are not specified) the audit criteria. Moreover, it is not entirely clear why the audit subject matter should be measured or evaluated (assessed) by means of these criteria. We suggest to use the full name "audit report" with regard to the document containing the audit results, because sometimes an auditor prepares other reports, while for instance documenting a stage in the audit proceedings, for example.

The wording on the evidence being in contrary to the evidence that confirms the audit findings is not clear. It would be worth to specify this. Maybe it concerns the explanations and statements of the employees of the audited entity, for instance.

If interviews and questionnaires are generally not sufficient and appropriate evidence, when and why should they be used? In performance audit such evidence is used by several SAIs. However, considering the specifics of compliance audit, we suggest that they are not often necessary, for instance.

 kissed: 115a) and 115c) Paragraph 115(a) and (c) identify two objectives that fall outside the scope of the ISSAI assurance framework for the reason explained above.

Para 90 and 91 Paragraphs 90 and 91 also correctly and completely. We have also noted that some of the technical content that is repeated is paraphrased which also introduces a risk of inconsistency.

Para 103 Paragraph 103 is a recommendation to the board of the auditee that contains a risk of inconsistency. For instance, the auditee could simply state that an ISSAI-compliant audit may generate evidence that may be relevant to future legal proceedings but the confidence levels that can be achieved at the conclusion of an ISSAI-compliant assurance engagement should not be considered as proof of personal liability. ISSAI 400 could simply state that an ISSAI-compliant audit may generate evidence that may be relevant to future legal proceedings but the confidence levels that can be achieved at the conclusion of an ISSAI-compliant assurance engagement should not be considered as proof of personal liability.

para 120 An auditor does not need less evidence if it is high quality. The amount of evidence depends on the specifics of a particular audit, and not only on the quantity or quality of audit evidence.

Paragraphs 43-46 mostly repeat what is written in ISSAI 400 paragraph 55. Paragraphs 15-23 seem to be taken directly from ISSAI 400 paragraphs 4-11 (and repeat content in ISSAI 100). We also noted some paraphrasing that could cause confusion.

Para 187 may be useful to help differentiate an ISSAI-compliant assurance engagement from a legal investigation. Paragraph 120 does not identify the reasons why the auditor is performing an audit at all. Paragraph 120 could be replaced by a more comprehensive definition of the audit process as a means to support the audit findings and conclusions.

Paragraphs 58-60 mostly repeat what is written in ISSAI 100 paragraph 38 and ISSAI 400 paragraph 44. Paragraphs 61-63 mostly repeats what is written in ISSAI 100 paragraph 39 and ISSAI 400 paragraph 45.
ISSAI 4000 paragraphs 65 to 68 appear to be attempting to add depth to ISSAI 100 paragraph 42 and ISSAI 400 paragraph 48 but they do not appear to include documentation requirements for all phases of the audit.

"on the analysis extent" We recommend rewording to clarify.

In the last sentence, due care should always be exercised when professionals perform all their work so it is not clear why this is specified for a particular scenario. In an assurance engagement, audit work should not be performed with

When selecting an audit topic it may be of merit to either provide some additional information on the three aspects mentioned in the ISSAI and/or consider some other aspects in addition.

"considers

Institution of the United

Bundesrechnungshof

Office of the Auditor

The State Audit

Arab Emirates

SAI/org Paragraph

84. The main subject matter can be split into several underlying subject matters. In doing so the auditor identifies the materiality as well as the risk of non-compliance (new fields of government action or suspicious evidence), any earlier

83. Based on the significance of an audit topic, the assessed risk of non-compliance and the need for periodic audit coverage, the auditor identifies the subject matter.

The wording we suggest is the following:

beneficial.

compliance is addressed by the mere announcement of audit work even before the auditors step in. Therefore to foster a culture of sound budgetary management the prospect of being audited every 5-10 years is seen to be very

If a body manages lower amounts of budget funds strictly speaking it might never be subject to compliance audit. One aspect for selecting audit work therefore is audit gap oriented selection to ensure audit coverage at regular intervals of

In the ISSAI 4000, materiality is dealt with in detail whereas the risk aspect could be usefully extended (Marked in red) .

cause.

The wording "caution as not to interfere with potential future legal proceedings or investigations" in not an appropriate inclusion from the ISSAI framework.

We recommend that you clarify this paragraph. Also, introducing the concept of limited assurance in the paragraph on incidental findings is unclear to us.

of a legal expert in the context of a compliance audit (but always in the context of an assurance engagement and not a legal investigation that falls outside the scope of the ISSAI framework).

trained. Paragraph 89 may also be describing an instance when a formal consultation with a legal expert may be required. These are a few ideas to help illustrate our observation but there are likely many other reasons to seek the help

appropriate conclusions are reached when auditing subject matter subject to complex legislation. What is proposed in paragraph 50(a) may be difficult to achieve effectively without the expertise of someone who is formally legally

specific, accurate, in-house counsel is not suitable for the purpose of the audit.

specific expertise, in consultation with a legal expert in the context of a compliance audit.

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Office of the Auditor

The State Audit

Arab Emirates

SAI/org Paragraph

We recommend that you review ISAE 3000 paragraphs 26-32 to help you identify specific requirements that may be relevant to a compliance audit. Once the relevant requirements are identified, making reference to the appropriate

The "Audit team management and skills" sections of ISSAI 400 and 4000 offer very little information on this.

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specific, accurate, in-house counsel is not suitable for the purpose of the audit.

specific expertise, in consultation with a legal expert in the context of a compliance audit.
Paragraph 58 of the General of Canada

"The instances where the financial audit materiality threshold is appropriately applied."

Paragraph 84 of the proposed standard provides that when determining audit scope for compliance audits, significance and risk should be assessed.

Paragraph 64 requires documentation to be completed before the audit report is issued, while ISSAIs for both financial audit and performance audit allow for the completion of documentation after the report is issued.

Paragraph 61 assigns responsibility for engagement team competence to the SAI/organization, whereas other engagement standards assign this to an individual.

Paragraph 193 provides that when an auditor is not actively performing an audit or review of compliance with authorities, the auditor may nevertheless uncover examples of non-compliance. In such instances the auditor is guided to not

The proposed standard accepts that compliance audit work may be performed as part of an existing engagement; however, reference to the EODE framework in the auditor’s report in paragraph 27 does not mandate an audit conducted in accordance with multiple standards as the EODE framework (e.g. EODE 2000 and 2001). It is therefore not clear why it appears to be referenced in a SAI report of an interim audit. We would encourage further reporting of guidance and standards that address the different types of compliance audits.

Due to the fact that the comments from the Auditor-General of South Africa is made with track changes in a word version of the ISSAI 4000 and therefore has caused the Paragraphs in their document to alter in accordance to insertion of new commentary.

In paragraph 61, the proposed standard states that documentation is to be completed before the report is issued. We note, however, that there is no current guidance in the INTOSAI framework on the scope of documentation or the timing of its completion.

Paragraph 84 of the proposed standard provides that when determining audit scope for compliance audits, significance and risk should be assessed.

Paragraph 58 of the proposed standard provides that when determining audit scope for compliance audits, significance and risk should be assessed.

Paragraph 64 requires documentation to be completed before the audit report is issued, while ISSAIs for both financial audit and performance audit allow for the completion of documentation after the report is issued.

Paragraph 61 assigns responsibility for engagement team competence to the SAI/organization, whereas other engagement standards assign this to an individual.

Paragraph 193 provides that when an auditor is not actively performing an audit or review of compliance with authorities, the auditor may nevertheless uncover examples of non-compliance. In such instances the auditor is guided to not

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<table>
<thead>
<tr>
<th>Heading</th>
<th>Para 15</th>
<th>Suggested altered: “SAIs should make reference to the standard they follow in their audit reports.” Note: Recommended that something similar to par 17 &amp; 18 in ISAE 3000 (R) be included here.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Para 16</td>
<td>Second sentence. However, following the planning, performance and evidence gathering phases, there may be additional and specific issues that may lead to opening the process of instructions and to a final formal judgement on the conclusions.</td>
<td></td>
</tr>
<tr>
<td>Para 17</td>
<td>Suggested altered: “In direct reporting engagements it is the auditor who measures or evaluates the subject matter against the criteria. The auditor selects the subject matter and criteria, taking into consideration risk and materiality.”</td>
<td></td>
</tr>
<tr>
<td>Para 18</td>
<td>Suggested altered: “The SAI promotes good governance by identifying and reporting deviations from applicable criteria, so that corrective action may be taken and so that those responsible are held accountable for their actions.”</td>
<td></td>
</tr>
<tr>
<td>Para 19</td>
<td>“a more general form of communication may be used covering a defined range of engagements.” Note: Not clear what this refers to, the standards or the report, is it relevant as an audit should always refer to the standard and should comply with it.</td>
<td></td>
</tr>
<tr>
<td>Para 20</td>
<td>Suggested altered: “If the auditor identifies instances of non-compliance which may be indicative of fraud, they should exercise due professional care and caution so as not to interfere with potential future legal proceedings or bring matters to the attention of the appropriate parties.”</td>
<td></td>
</tr>
<tr>
<td>Para 21</td>
<td>Suggested removed. Note: As the audit is a continuous process dividing into stages is not appropriate even though there are different phases in the audit process.</td>
<td></td>
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<tr>
<td>Para 22</td>
<td>Suggestion altered: “The ISSAI includes requirements and explanations for compliance audits conducted by SAIs with jurisdictional powers.”</td>
<td></td>
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<tr>
<td>Para 23</td>
<td>“and to stakeholders what they can expect from the auditors work.” Note: Not the purpose of an auditing standard.</td>
<td></td>
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<tr>
<td>Para 24</td>
<td>Last sentence. ISSAI 4000 is the International Standard for Compliance Auditing and should be read and understood in conjunction with ISSAI 100 and ISSAI 400. See general comment.</td>
<td></td>
</tr>
<tr>
<td>Para 25</td>
<td>Regularity - Note: This term has purposely not been used in ISSAI 100 (decision at harmonisation project). The compliance with laws etc is the regulatory environment.</td>
<td></td>
</tr>
<tr>
<td>Para 26</td>
<td>Additional sentence at the end: “Compliance audits are carried out by assessing whether activities, financial transactions and information comply, in all material respects, with the authorities who are applicable to govern the audited entity.”</td>
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<tr>
<td>Para 27</td>
<td>...as it is not feasible that they would have any decisions on the content of the accounts or who the responsible persons are.</td>
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</tr>
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<tr>
<td>Para 29</td>
<td>Suggested altered: “The auditor shall exercise professional skepticism, and maintain an open and objective mind.”</td>
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<tr>
<td>Para 30</td>
<td>Suggested new sentence at end: “The auditor considers the risk of fraud and documents the responses to these risks.”</td>
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<tr>
<td>Para 31</td>
<td>...and to stakeholders what they can expect from the auditors work.</td>
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<tr>
<td>Para 33</td>
<td>“Regulatory requirements contain the minimum necessary for high quality audit work. They clarify what is expected of the auditors in performing their work.”</td>
<td></td>
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<tr>
<td>Para 34</td>
<td>Removed. Note: This is not relevant in the introduction and does not flow from the previous content.</td>
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</tr>
<tr>
<td>Para 35</td>
<td>“or of public funds managers or beneficiaries,” Note: Already dealt with above.</td>
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</tr>
<tr>
<td>Para 36</td>
<td>“Regulatory requirements are used as a planning and evidence gathering tool. They clarify what is expected of the auditors in performing their work.”</td>
<td></td>
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<tr>
<td>Para 37</td>
<td>“or other similar organizations or entities, including those that are controlled by or subject to the influence of the auditee.”</td>
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<tr>
<td>Para 38</td>
<td>“or scope of an engagement. It is the auditor who must make decisions regarding the engagement, and the auditors must not be influenced by the nature of the subject matter.”</td>
<td></td>
</tr>
<tr>
<td>Para 39</td>
<td>“or evidence that may be needed to support the auditor’s conclusions. “</td>
<td></td>
</tr>
<tr>
<td>Para 40</td>
<td>“require that the auditor considers the risk of fraud and documents the responses to these risks.”</td>
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<tr>
<td>Para 41</td>
<td>“requirements and explanations related to the different requirements of the audit process. Based on this information the auditor makes a decision as to what the auditor believes the additional requirements and expectations related to the different requirements of the audit processes.”</td>
<td></td>
</tr>
<tr>
<td>Para 42</td>
<td>“or other similar organizations or entities, including those that are controlled by or subject to the influence of the auditee.”</td>
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<tr>
<td>Para 46</td>
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</tbody>
</table>
The quality control procedures should cover the planning, performance and reporting stage and should be performed prior to reporting. The review should include an evaluation of significant

Note: reg. entity's patrimony: I assume this refers to its mandate, patrimony does not seem to be correct and I have never come across it in the public sector

Note. Reg. Both the audit questions: What is this about, normally this is only for performance audit as it is how the subject matter is determined in my understanding, not relevant here, or please explain how it relates to the subject matter

Suggested altered: The auditor needs to adopt appropriate procedures to maintain the confidentiality and safe custody of the audit documentation, and retain it for a period sufficient to meet the needs of the legal, regulatory,

Note: I am confused – does this relate to materiality for intended users?

Suggested altered: The purpose of documenting the audit work performed, is both to enhance transparency about the work performed, and to enable an experienced auditor having no prior knowledge of the audit to subsequently

Note: This information is contained in the strategy and plan mentioned in "a)" amend this section to reflect this

Suggested altered: While not necessarily unlawful, instances of excess spending over appropriations authorized by the legislature or introduction of a new service not provided for in the approved appropriations, may be

4th sentence suggested altered: Communications with and feedback from the audited entity,

Suggested altered: Supervisory reviews and other quality control safeguards undertaken

ISSAI 4000 - Disposition of Comments from CAS members on April 7, 2015 Draft (Table prepared by CAS secretariat, Norway)
Incorporating responses from the audited entity by reporting the views of responsible officials provides an indication of agreement to take action on the matter reported. This involves discussing the draft report findings with the audited entity to help ensure that they are complete, accurate and fairly presented. It may also involve, as appropriate, incorporating the audited entity’s response to matters raised, whether verbatim or in summary. Note: This should follow or precede par 149.

Analytical procedures bring some alerts of potential non-compliance, though may not present conclusive evidence just by itself.

Objective: To assess the risk of material misstatement.

Suggested altered: Observation involves looking at a process or procedure being performed. Inspection involves examining books, records and other information or physical assets. The auditor considers the reliability of any documents inspected and remains conscious of the risk of fraud and the possibility that documents inspected may not be authentic.

Suggested altered: Inquiry involves seeking information from relevant persons, both within and outside the audited entity. Interviews are generally neither sufficient, nor appropriate evidence on their own to conclude that sufficient and appropriate evidence has been obtained. Interviews must be complementary to other evidence gathering methods.

Suggested altered: i. A qualified opinion (if compliance deviations are material, but not pervasive): 'In our opinion, based on the procedures performed, the statement that the [entity] has complied with [abc], is in all material respects fairly presented.'

Note: There is no requirement to use sampling. In some instances analytical procedures or testing the entire population or selecting specific items may be more appropriate. The issue what to do when using sampling. There are many different types of sampling techniques and it is difficult to generalize. Please consider previous comments on the format of the audit report and reference to other ISAs.

Note: Once again please do not confuse audit risk with the risk assessment of the auditee, i.e. the risk of non-compliance and how this will be responded to.

Note: Please consider ISAE 3000 on differences between reasonable and limited assurance.

Para 116: When recommendations are included they are most effective when they are positive in tone and results-oriented, setting out clearly what needs to be done. Recommendations should be consistent with the audit objectives, and the findings and conclusions of the audit.

Para 117: A conclusion or opinion that is reached and communicated as a result of an audit for an entity is the product of the auditor’s evaluation of the evidence obtained. The conclusion includes the auditor’s conclusion about whether the statements (e.g. financial statements) are in all material respects free of material misstatement by fraud or error.

Para 118: Para 131b Note: Covered previously

Para 119: Para 131 Note: Suggested deleted. Note: This is not a requirement for reporting

Para 120: Para 132 Note: See comment 79 above (Para 143)

Para 121: Para 133 Note: I do not follow this and would not know how to respond (also do not really agree)

Para 122: Para 136 Note: See previous comments.

Para 123: Para 139 Note: This concept of a conclusion or opinion is not dealt with consistently in this document.
Although the auditor does not determine if an illegal act constitutes a criminal offense or if civil liability has occurred, they do have a responsibility to assess whether the transactions concerned are in compliance with the applicable laws and regulations. However, it is important to note that the auditor’s role is different from that of an investigator or a law enforcement agency. The auditor’s responsibilities are primarily concerned with identifying and communicating the existence of non-compliance to management and those charged with governance.

For instance, Paragraphs 167 discuss the requirements for reporting in para. 167 are too detailed and prescriptive. The focus should be on content and substance, not on formal requirements. Paragraphs 35-39 cover identifying the rules and regulations and accounting principles, and budget management authorities infringed, and the sanctions and reimbursement the responsible persons are liable for.

The collective evidence including instances of non-compliance as well as the entities’ views are assessed using professional judgment and skepticism to arrive at audit findings. This is a crucial aspect of the audit process, as it allows auditors to evaluate the effectiveness of internal controls and the reliability of financial information.

The essential question often is not “how sure can we be that a set of norms has been followed?” but “what should we do?” The auditor may need to make a decision about the significance of the non-compliance and recommend appropriate actions to address it. Therefore, the ability to be “independent” is generally a function of the reporting relationship(s). Whereas, we define “objectivity” as an unbiased mental attitude that is free from all influences and pressures that could impair judgment. While related, we believe there is a fundamental difference between being independent and being impartial.

In our experience, the use of these terms is not always clear, and there is a need for clarification. Therefore, the auditor needs to be aware of the potential for bias and take steps to minimize it. This may include maintaining professional skepticism, seeking independent or external perspectives, and documenting the audit process.

A very important issue for us is how to provide assurance (para. 151) that is good practice to share and receive concurrence not just on the audit criteria but on the other elements of the audit process. This should not be allowed to erode any independence. The auditor must maintain a clear separation between the planning and execution of the audit and the reporting and communication of the results. Therefore, we propose to merge the content into one plan/strategy.

The use of these terms is not always clear, and there is a need for clarification. Therefore, the auditor needs to be aware of the potential for bias and take steps to minimize it. This may include maintaining professional skepticism, seeking independent or external perspectives, and documenting the audit process.

While related, we believe there is a fundamental difference between being independent and being impartial. The IAA makes a similar distinction in its International Standards for the Conduct of Auditors. 

According to the Institute of Internal Auditors, the term “independence” refers to the condition of being free from compromising influence or decision. It implies that the auditor is not subject to external pressures that could impair judgment. In contrast, “objectivity” refers to the state of being unbiased and impartial, free from any self-interest or personal influence.

The standards of professional practice and conduct require that the auditor is independent of the entity being audited and that there is a separation between the planning and execution of the audit and the reporting and communication of the results. However, these standards do not address the issue of objectivity, which is equally important in maintaining the integrity of the audit process.

The auditor must maintain a clear separation between the planning and execution of the audit and the reporting and communication of the results. Therefore, the auditor needs to be aware of the potential for bias and take steps to minimize it. This may include maintaining professional skepticism, seeking independent or external perspectives, and documenting the audit process.

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In a reasonable assurance engagement, the auditor gathers sufficient appropriate evidence to conclude that the subject matter complies in all material respects with identified suitable criteria, and gives an opinion in a positive form.

Although the procedures performed in a limited assurance audit are reduced compared to those required to obtain reasonable assurance, it is expected that the level of assurance provided still shall be meaningful to the intended users, except for..."
We suggest that the phrase "opening the process of instructions" be clearly defined or clarified.

Our auditors measure liability by the extent of the participation of the person in a non-compliant (illegal, unnecessary, excessive, extravagant, unconscionable) transaction as indicated in the transactions documents that he signed.

This could happen in other types of audit as well such as in conducting performance audit, the auditor discovers non-compliance issues or financial audit issues and vice-versa.

Requirement 73 and explanatory note 74. We think that non-compliance should be communicated with management and (if applicable) those charged with governance. Simple for the reason that communication with those charged with.......

Please provide samples for Attestation Reporting and Direct Reporting.

It seems there is a difference between conclusion (direct reporting) and opinion (attestation) in this paragraph. However, in paragraph 28, direct reporting mentions both “conclusion” and “opinion”.

The use of the words “conclusion” (paragraphs 148-150 and “opinion” (paragraphs 151-152) in the different paragraphs is confusing. Is there a need to use these two words in this Standard?

Under this paragraph, investigative power of SAIs is recognized. However, in paragraph 46, auditors are required not to interfere in investigations. In our SAI, auditors are required to conduct investigations.

Further to notes 73 and 74 we would like to recommend that the scope of the laws and regulation that is taken into account in the audit (as criteria) should also be communicated with those charged with governance (and management).

Para 86 and 88 Requirement 86 'suitable audit criteria' and explanatory note 88: "audit criteria may include applicable (relevant) laws, regulations, etc. We think that an compliance audit should include the applicable (relevant) laws, regulations, etc. If the audit already focusses on......

Para 73 and 74

Para 148-152

Para 168g

Para 193

Para 179

Para 175

Para 152

Para 178 In the exercise of our SAI’s quasi-judicial power, the decision is rendered at three levels, auditor, director and Commission Proper (board). If the decision is not appealed within the prescribed period, decision becomes final even at the level of the auditor and becomes executory. Final decisions of the SAI (at the appropriate level) is appealable only to the Supreme Court.

Para 187 Our SAI has a policy to guide the auditors on when to consider a transaction as illegal, unnecessary, excessive, extravagant and unconscionable.

Para 14

Para 28

Para 19

Para 11

Para 31

Para 24 Please refer to comment on paragraph 6b.P

Para 6

The requirements for all the components of the audit are not to be made subject to the characteristics of the jurisdiction. This is because the nature and context of the audit and the nature and context of the jurisdiction are different.

Please provide examples especially on the portion marked red:

(1) Conclusion/ opinion – refer to para 28 (for consistency).

Is management written representation required?

Findings", par. 193?

When the auditor conducts any type of audit (financial, compliance, performance), he encounters issues belonging to the other audit types. Is this the component being referred to in this paragraph? How does this relate to "Incidental findings"?

We suggest to use the same term as in para 34 for consistency.

Under audit for compliance auditing purposes, the auditor should not rely solely on the written representation of management. The auditor should also consider other sources of evidence, such as observations, interviews, and document reviews.

We suggest that the definition of compliance auditing in ISSAI 400 be stated in paragraph 34 before the statement of objective of compliance auditing (second section), in accordance with paragraph 6b.
Assurance may be explained further, as it is not synonymous with confidence.

Para 30

Authority may be explained here.

See General comments

We suggest that a clarification is made regarding the notion of professional skepticism in compliance auditing and its relation to that of professional judgement. After paragraph 27, an explanation may be added on the concept: that direct reporting and attestation engagement differs based on who prepares and measure/evaluate the subject matter/information.

We have also noticed that the exposure draft includes guidance in items 21-22 on how the ISSAIs may be referred to as a set of auditing standards. The responsibility for the identification of these standards as a set of auditing standards also lies with the authority responsible for the exposure draft. The exposure draft is to be made available to interested parties. In our view, the draft should be made available in accordance with the principles set out by ISSAI 4000 and 4100.

We have also considered the draft from the new general perspective: ‘the auditor shall compare the obtained evidence with the stated audit criteria and from there report audit findings.’ We suggest to replace it with: ‘The auditor shall compare the obtained evidence with the stated audit criteria and from there report audit findings.’

From item 45 ISSAI 4100 we suggest to add: ‘Once suitable criteria have been identified based on the characteristics set out above, they then must be appropriately “operationalised” for the particular circumstances of each audit so as to

VII) Available: The criteria should be made available to the audited entities in order for them to comprehend the audit report.

9. There is only one requirement regarding materiality. Considering the importance of materiality, we recommend more detailed requirements.

8. Requirements related to risk assessment are part of ISSAI 400. However, we can see that Risk assessment is not mentioned as separate requirements in the 4000. We understand that assurance engagement is a risk based process and relevant respects’. However, ISSAI 400 which is supposed to be written for detailed requirements at audit practice level does not provide SAIs sufficient guidance for the audit practice. As such the option provided by ISSAI 100 is not possible.

The purpose of INTOSAI’s Professional Standards Level 4: The Auditing Guidelines is to translate the fundamental auditing principles into more specific, detailed and operational guidelines that can be used on a daily basis in the conduct of auditing tasks. ISSAI 100 provides SAIs the option of writing their own standards consistent with fundamental principles or directly adopting INTOSAI’s level 4 standards. In case a SAI decides to write its own standards, those standards should include the level of detail necessary to accomplish the SAI’s relevant audit functions and should correspond to the Principles in all applicable contexts.

We suggest the following: ‘Reliability refers to the extent to which the evidence is consistent when measured or tested and includes the concepts of being verifiable or supported.’

Para 194

We suggest that the concepts of materiality and importance, both subject to the same conditions and definitions, may also be affected by qualitative factors, such as the nature and the seriousness of the non-compliance.

We suggest that the definition of materiality should be consistent with those appearing in other ISSAI’s.
<table>
<thead>
<tr>
<th>Reference to CAS paragraph</th>
<th>Comment on the paragraph</th>
</tr>
</thead>
<tbody>
<tr>
<td>Para 155 Denmark</td>
<td>We suggest to add Item 129 from ISSAI 4100 stating the factors that are taken into account when determining whether or not non-compliance is material:</td>
</tr>
<tr>
<td></td>
<td>a) Importance of amounts involved (monetary amounts or other quantitative measures such as number of citizens or entities involved, carbon emissions, time delays in relation to deadlines, etc.)</td>
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<td>b) Circumstances</td>
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<td></td>
<td>c) Nature of non-compliance</td>
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<td>d) Cause leading to the non-compliance</td>
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<td></td>
<td>e) Possible effects and consequences non-compliance may have</td>
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<tr>
<td></td>
<td>f) Visibility and sensitivity of the program in question (for example, is it the subject of significant public interest, does it impact vulnerable citizens, etc.)</td>
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<tr>
<td></td>
<td>g) Needs and expectations of the legislature, the public or other users of the audit report</td>
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<tr>
<td></td>
<td>h) The nature of the relevant authorities</td>
</tr>
<tr>
<td></td>
<td>i) Extent or monetary value of the non-compliance</td>
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</table>