Drafting conventions for Auditing Guidelines

Introduction

These drafting conventions were developed by the ISSAI Harmonisation Project in consultation with the PSC’s and the KSC’s subcommittees.

It will be the aim of the ongoing process of ISSAI maintenance after INCOSAI in 2013 to ensure that common drafting conventions are applied to the text of all auditing guidelines (ISSAI 1000-5999). The ISSAIs are subject to maintenance reviews at regular intervals. The next review for each ISSAI is announced on www.issai.dk. The needs for any revisions in order to comply with the drafting conventions are to be considered in connection with these reviews.

The PSC Steering Committee encourages the subcommittees responsible for maintaining or reviewing ISSAIs, to report back to the Steering Committee on their experience with the drafting conventions before its meeting in 2014. In light of these experiences the PSC Steering Committee will consider any needs for further development of the conventions before exposure draft ISSAIs are finalised and approved.

Drafting conventions

1. These drafting conventions apply to the following ISSAIs at level 4 of the ISSAI Framework:

   a) The General Auditing Guidelines (ISSAI 1000-4999). These guidelines contain the recommended requirements of financial, performance and compliance auditing and provide further guidance to the auditor. The ISSAI 1200-1810 contain the International Standards on Auditing issued by IFAC and the additional public sector considerations developed by INTOSAI. The drafting conventions should therefore only be applied to the ISSAIs 1200-1810 to the extent it is relevant and appropriate.

   b) The Guidelines on specific subjects (ISSAI 5000-5999). These provide supplementary guidance on specific subject matters or other important issues which may require the special attention of Supreme Audit Institutions.

Only exposure drafts and endorsement versions that are fully in line with these drafting conventions may be submitted for approval by the Steering Committee as provided for by the Due Process.

2. The ISSAI should be directed to the auditors and provide guidance for the conducting of audits:

   a) The ISSAI should use the term ‘the auditor’ and define what can be expected from the auditor. Where it is relevant – e.g. where institutional issues are involved - reference may also be made to ‘the SAI’.
b) The ISSAI may **not** provide any guidance on what can be expected from the legislators or administrative authorities or advice on how the aims of public authorities can best be achieved. Such guidance and advice may instead be communicated through other means – e.g. an INTOSAI GOV.

c) The ISSAIs at level 4 may **not** provide any guidance on what types of audits, SAIs or other auditors should be mandated to carry out (such guidance may be found at level 1 and 2 of the ISSAI framework)
(Cf. INCOSAI’s decision from 2007 on the establishment of the ISSAI framework)

3. **It should be easy for auditors to assess whether the ISSAI applies to the audit task at hand:**

a) The ISSAI should include a section in the beginning of the document entitled ‘Scope of this ISSAI’ which should clearly identify the types of audits, or combinations thereof, which it applies to.

b) The types of audits that fall within the scope of the ISSAI should be identified by using the concepts of financial, performance and compliance auditing as well as the further distinctions between different approaches, objectives and further distinctions defined by the Fundamental Auditing Principles. If relevant the section may further specify the specific circumstances under which the ISSAI applies or do not apply.

c) For guidelines on specific subjects (ISSAI 5000-5999): The section ‘Scope of this ISSAI’ should also describe the subject matters that define the scope of the ISSAI.

d) For General Auditing Guidelines (ISSAI 1000-4999): The scope of the ISSAI should not overlap with the scope of any other ISSAI in the set of General Auditing Guidelines (ISSAI 1000-4999). The set of General Auditing Guidelines (ISSAI 1000-4999) do not necessarily cover all possible audits provided for by the Fundamental Auditing Principles. The ISSAI should reflect that an audit may combine different objectives and may therefore require the auditor to apply two or more ISSAIs in conjunction or observe further requirements that are not established by the ISSAIs. The ISSAI may contain the relevant cross-references to other ISSAIs in order facilitate their joint application.

4. The ISSAI should support the general requirements which are defined by level 3 of the ISSAI framework – The fundamental auditing principles (ISSAI 100-999):

a) The ISSAI should **refer** to the relevant principles and requirements in the fundamental auditing principles and elaborate further on these by providing the more operational guidance relevant for the types of audits covered by the ISSAI. In the fundamental auditing principles (ISSAI 100-999) the main content of each principle is highlighted in bold and the word ‘should’ is used to express the requirements that audits can generally be expected to live up to. Reference to principles can for example be made by quoting the statements highlighted with bold.

b) The ISSAI should avoid any statements that contradict the prerequisites for the functioning of SAIs (ISSAI 10-99) or the fundamental auditing principles (ISSAI 100-999). The ISSAI should not cover matters dealt with in the prerequisites for the functioning of SAIs (ISSAI 10-99), but may contain references to these where appropriate.
c) The ISSAI should use the same terminology as the fundamental auditing principles (ISSAI 100-999). Additional terms or concepts may be introduced in order to deal with matters that are not addressed in the principles.

5. The ISSAI should distinguish between requirements and further guidance:

a) The fundamental auditing principles (ISSAI 100-999) defines the different options for SAIs on how the ISSAIs can be used and how references can be made to the ISSAIs. The distinction between requirements and further guidance is relevant for SAIs that have chosen to adopt the General Auditing Guidelines (ISSAI 1000-4999) as their authoritative standard. In this case the auditor should determine the financial, performance and compliance audit guidelines that apply to the audit and comply with all relevant requirements (cf. ISSAI 100/xx-xx).

b) For General Auditing Guidelines (ISSAI 1000-4999):
   - The ISSAI should use the word ‘shall’ to indicate that a sentence is to be understood as a requirement when the ISSAIs are used as the authoritative auditing standard (referred to in audit reports). ‘Shall’ statements will normally provide for aims that the auditor shall achieve or conditions the auditor shall consider (rather than specific actions the auditor shall take).
   - The ISSAI should contain the following statement towards the end of the section ‘Scope of this ISSAI’:
     ‘In cases where the ISSAIs are used and referred to as the authoritative auditing standards, the auditor should determine the financial, performance and compliance audit guidelines (ISSAI 1000-4999) that apply to the audit and comply with all relevant requirements (cf. ISSAI 100/63-64). In this ISSAI the word ‘shall’ is used to provide such requirements’.
   - The ISSAI should provide requirements (‘shall’ statements) that are sufficient for audits within the defined scope to ensure that the audits are conducted in accordance with the fundamental auditing principles. The ISSAI may also provide for additional or more detailed requirements. However, there may be ISSAIs within the set of general auditing guidelines that do not serve the purpose of providing such requirements. In this case the above statement in the section ‘Scope of the ISSAI’ is replaced by the following statement:
     ‘This guideline provides [application material in relation to ISSAI xxx] and does not contain any further requirements to the conduct of audits’

c) For Guidelines on specific subjects (ISSAI 5000-5999):
   - The ISSAI cannot provide requirements for the audit and may not use the word ‘shall’ in a way that could be understood as providing such requirements.
   - The following statement should be made towards the end of the section ‘Scope of this ISSAI’:
     ‘This guideline provides supportive guidance in relation to [the financial/performance/compliance auditing guidelines (ISSAI xxx-xxx)] and does not contain any further requirements for the conducting of audits’.
6. The common layout should be followed:

a) The template for ISSAI's should be used (obtained from the PSC Secretariat)

b) References to other ISSAI's have the format ISSAI xxx/yy where xx is the ISSAI number and yy is the item-number. Cf. ISSAI classification principle 6.

The PSC Steering Committee, August 2013