

Financial Audit Guidance and
Application of Financial Audit
Standards

EXPLANATORY MEMORANDUM ON THE EXPOSURE DRAFTS OF ISSAI 2000 AND GUID 2900



INTOSAI



IFPP

REQUEST FOR COMMENTS

This ED was developed by the INTOSAI Financial Audit and Accounting Sub-committee (the FAAS).

Respondents are asked to submit their comments electronically by **September 6, 2020** to the email address for FAAS Secretariat Manager at, daniel.boutin@saiuae.gov.ae. Please provide your comments in the Excel template provided.

All comments received will be considered a matter of public record and may be posted on the FAAS website.

The FAAS will consider all comments received when preparing the final version of the text for submission to the Forum for INTOSAI Professional Pronouncements (FIPP) for approval.

INTRODUCTION

This memorandum provides background to, and an explanation of proposed new GUID 2900 - Financial Audit ISSAI Guidance and proposed new ISSAI 2000 – Application of Financial Audit Standards. The FIPP approved the exposure of this information on May, 2020.

BACKGROUND

GUID 2900 – Guidance to the financial audit standards

The content of proposed GUID 2900 is not all new. Most of the content is currently presented in the Practice Notes to ISSAIs 2200 to 2810.

The FAAS analysed the existing content of the Practice Notes to ISSAIs 2200 to 2810 to address quality issues that were identified during the performance of the scheduled maintenance activities in 2016 and to address opportunities to improve the clarity of the scope of the guidance. As a result of this analysis, the FAAS is proposing technical revisions to this information. Each proposed revision is explained in the Excel workbook in which the respondents will provide their comments.

GUID 2900 will replace the existing Practice Notes to ISSAIs 2200 to 2810.

ISSAI 2000 - Application of the financial audit standards

Two of the proposed technical revisions to GUID 2900 require considerations that extend beyond the GUID 2900 content and into the financial audit ISSAIs. These are proposed revisions #5 and #6 in the Excel template that address paragraphs 4.3 and 4.4 in GUID 2900. An auditor must meet specific quality control and ethics requirements that are defined in the International Standards on Auditing (ISAs) when the auditor wants to refer to the audit as having been performed in accordance with the ISAs.

Since INTOSAI has adopted the ISAs as the financial audit ISSAIs, these requirements are also relevant for an auditor that intends to refer to an audit of financial statements as having been performed in accordance with the ISSAIs. INTOSAI develops and maintains its own quality control standard (ISSAI 140) and ethics standard (ISSAI 130) and INTOSAI expects auditors applying the ISSAIs to apply these standards. These standards can differ from the other ethics and quality control standards referred to in the ISAs. Proposed new ISSAI 2000 aims to clarify the quality control and ethics requirements for an ISSAI compliant financial audit.

QUESTIONS TO CONSIDER

GUID 2900 - Guidance to the financial audit standards

1. Have you identified text in GUID 2900 that appears to be outside the scope of an ISSAI financial audit? If so, please provide a reference to this text and please provide the rationale for your conclusion that this text is outside the scope of an ISSAI financial audit.
2. Do you agree with the proposed revisions to the existing content of the Practice Notes to ISSAIs 2200 to 2810 to arrive at the proposed content in GUID 2900? If not, please identify the specific proposed revision(s) that you believe require changes.
3. Have you identified other important public sector considerations that should be addressed in GUID 2900 and that are not presently addressed? If so, please explain these public sector considerations.
4. Do you agree with the text in red in paragraphs 1.2 and 3.6 as referring to the financial audit standards (2000-2899) as being “minimum requirements” or may such a reference cause confusion with respect to the relevant requirements that must be met to audit public sector financial statements in accordance with the ISSAIs?
5. If your SAI has additional responsibilities when auditing the financial statements other than providing an opinion on the financial statement and if these additional responsibilities may be addressed by applying the relevant requirements of the financial audit ISSAIs, do you find GUID 2900 to be helpful in order to guide you on how to address these responsibilities?

ISSAI 2000 - Application of the financial audit standards

6. Do you agree with the ethics requirements for an ISSAI compliant financial audit as presented in proposed new ISSAI 2000? If not, please explain the issue(s) you have identified.
7. Do you agree with the quality control requirements for an ISSAI compliant financial audit as presented in proposed new ISSAI 2000? If not, please explain the issue(s) you have identified.