

[Agenda for the September 2023 web-meetings of the  
Forum for INTOSAI Professional Pronouncements \(FIPP\)](#)

<p>The agenda is an overview of all agenda-items planned to be discussed during all sessions. Some items will be discussed in several sessions.</p>		
<p><b>Meeting days</b>  <b>Tuesday 12 September 2023 - 13:00–17:00 CEST</b>  <b>Thursday 14 September 2023 - 13:00–17:00 CEST</b>  <b>Tuesday 19 September 2023 - 13:00–17:00 CEST</b></p>		
Agenda Items	Purpose	Output
<p><b>Project Proposal / Exposure Draft / Endorsement version submitted from Goal Chair for discussion / appraisal</b></p>		
<p>ISSAI 140 Quality management for SAIs – Endorsement version</p>	<p>To discuss/appraise/approve according to FIPP Working Procedures and drafting conventions</p>	<p>For FIPP to discuss/approve/vote. See Annex 1</p> <p>IDI is invited to present their planned process regarding a document/handbook/IDI's Playbook for the ISSAI 140.</p> <p>The project group is invited to participate at the meeting for discussion.</p>
<p><b>FIPP Working Procedures - Role of the Liaison Officer</b></p>		
<p>FIPP Working Procedures</p>	<p>To approve the updated FIPP Working Procedures</p>	<p>A result/update of the document is planned to be presented at the PSC SC 27-28 September 2023.</p>
<p><b>FIPP Report 2022-2023</b></p>		
<p>FIPP Report 2022-2023</p>	<p>For approval</p>	<p>According to the PSC SC ToR FIPP shall report annually to the PSC SC on current activities, status of the SDP projects and AoB. For distribution to the PSC SC 27-28 September 2023</p>
<p><b>The SDP 2023-2025 with Cover Letter</b></p>		
<p>Updated SDP after the PSC SC meeting in June 2023 – with cover letter for the Governing Board</p>	<p>For discussion</p>	<p>For FIPP to discuss/approve. The SDP with the cover to the GB will be distributed to the PSC SC September 2023 for an approval prior to the final endorsement at the GB in November.</p>

<b>Information</b>		
AoB	FIPP Chair	<ul style="list-style-type: none"> <li>Information and a short presentation of the rationale behind the proposed changes in the PSC ToR and FIPP ToR regarding funding for travel and accommodation arrangements of certain categories of FIPP member</li> <li>AoB</li> </ul>
PSC Secr information	PSC Secr	Information from the PSC
<b>Concluding the meeting</b>		
Summary of activities	FIPP Chair	
Summary of key decisions in the minutes	FIPP Chair	

INTOSAI, 2023

- 1) Formerly known as ISSAI 40
- 2) Endorsed in 2010
- 3) With the establishment of the INTOSAI Framework of Professional Pronouncements (IFPP), relabelled as ISSAI 140 with editorial changes in 2019

ISSAI 140 is available in all INTOSAI official languages: Arabic, English, French, German and Spanish

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## **INTRODUCTION**

- 1) For Supreme Audit Institutions (SAIs) to meet their strategic objectives and fulfil their mandates, it is essential that all aspects of their operations are of high quality and lead to high quality output. Quality should be built into the SAI's strategy, organisational culture, policies and procedures. The quality of the SAI's work and output affects its reputation and credibility, and ultimately the ability to fulfil its mandate effectively.
- 2) The public interest is best served by the SAI carrying out its engagements at a consistently high level of quality. The design, implementation and operation of a system of quality management help the SAI achieve this objective and provide reasonable assurance that its processes are in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) or other relevant standards and applicable legal and regulatory requirements.
- 3) The ISSAIs promote independent and effective auditing by SAIs, and thereby support the credibility, quality, professionalism and reliability of public sector auditing.
- 4) *ISSAI 140 – Quality Management for SAIs* is intended to be used in conjunction with the other ISSAIs and with due consideration of the SAI's mandate, national legislation, structure, size and the types of audit it performs. The standard allows for appropriate flexibility in the application of the organisational requirements to cater for specific considerations that are unique to each SAI.

## **SCOPE**

- 5) The purpose of *ISSAI 140* is to set out the organisational requirements that the SAI shall follow for quality management.<sup>1</sup>
- 6) *ISSAI 140* addresses the SAI's role and responsibilities on an organisational level and is applicable to all types of engagements covered by the ISSAIs. *ISSAI 140* may also be used for jurisdictional and other activities carried out by the SAI.
- 7) *ISSAI 140* is complemented by other INTOSAI pronouncements relating to quality management for specific auditing types.

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<sup>1</sup> *ISSAI 140* is based on the key principles of the International Standard on Quality Management (ISQM) 1 adapted as necessary to apply to SAIs and the public sector context in which they work. ISQM 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements*, International Auditing and Assurance Standards Board (IAASB).

## **THE PRINCIPLES UNDERLYING THIS STANDARD**

- 8) *ISSAI 100 - Fundamental Principles of Public-Sector Auditing* provides that each SAI should design, implement and operate a system of quality management to provide it with reasonable assurance that the SAI carries out all audits and other work at a consistently high level of quality and in accordance with the ISSAIs, other relevant standards, and applicable legal and regulatory requirements<sup>2</sup>. The SAI's system of quality management generally addresses the following interconnected components in a continual and iterative manner:
- SAI's risk assessment process;
  - governance and leadership;
  - relevant ethical requirements;
  - acceptance, initiation, and continuance of engagements;
  - performing engagements;
  - SAI resources;
  - information and communication; and
  - monitoring and remediation process.

The authority of the ISSAIs is further defined in *ISSAI 100*.

- 9) The SAI must comply with all organisational requirements of *ISSAI 140* in order to be able to assert that it has conducted audits and other work in accordance with the ISSAIs.<sup>3</sup>

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<sup>2</sup> *ISSAI 100 – Fundamental Principles of Public-Sector Auditing*, paragraph 36.

<sup>3</sup> *Ibidem*, paragraphs 7-12.

## **DEFINITIONS**

- 10) **Deficiency** (in the SAI's system of quality management) - this exists when:
- a. an appropriate quality objective is not established, or established incorrectly;
  - b. a quality risk, or combination of quality risks, is not identified or properly assessed;
  - c. a response, or combination of responses, does not reduce to an acceptably low level the likelihood of a related quality risk occurring because the response(s) is not properly designed, implemented, or operating effectively; or
  - d. another aspect of the system of quality management is absent, or not properly designed, implemented or operating effectively, such that a requirement of this standard has not been addressed.
- 11) **Engagement** – any work carried out by the SAI that is within the scope of the IFPP.
- 12) **Engagement team** – individuals performing the engagement, and any other individuals who are responsible for, or perform, procedures on the engagement, excluding an external expert and internal auditors who provide direct assistance on an engagement.
- 13) **Findings** – in relation to a system of quality management, information about the design, implementation and operation of the system of quality management, which indicates that one or more deficiencies may exist.
- 14) **Head of the SAI** – person or group of persons at the highest level who lead or manage the institution and who have the power to delegate authority and allocate resources within the institution.
- 15) **Organisational culture** – operating environment encompassing behavioural norms and shared ethics, vision, mission, beliefs and core values, goals, attitudes, competencies, policies, procedures and practices, and communication, that characterise the SAI and how it operates.
- 16) **Quality** – the extent to which the work performed and reports issued by the SAI:



- a. comply with ISSAIs or other relevant standards and applicable legal and regulatory requirements; and
  - b. address stakeholders' expectations without compromising the SAI's independence.
- 17) **Quality objectives** – desired outcomes to be achieved by the SAI in relation to the components of the system of quality management.
- 18) **Quality risk** – a risk that has a reasonable possibility of both:
- a. occurring, and
  - b. individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives.
- 19) **Response** – policies and procedures designed and implemented by the SAI, and actions undertaken within the system of quality management to address one or more quality risks.
- a. policies are statements of what should, or should not, be done to address a quality risk;
  - b. procedures are actions to implement policies.

## **ORGANISATIONAL REQUIREMENTS UNDERPINNING THE SAI'S SYSTEM OF QUALITY MANAGEMENT**

### ***ESTABLISHING THE SYSTEM OF QUALITY MANAGEMENT***

#### **Organisational requirements**

- 20) The SAI shall design, implement, and operate a system of quality management taking into account the changing nature and circumstances in which the SAI operates, and changes in its engagements. The system shall cover all types of engagements covered by the ISSAIs and jurisdictional and other activities carried out by the SAI. The system shall be integrated into the SAI's operations.
- 21) The head of the SAI shall take the ultimate responsibility for the system of quality management.
- 22) The SAI shall design and implement a risk assessment process to:
  - a. establish quality objectives;
  - b. identify and assess quality risks; and
  - c. design and implement responses to address the quality risks.
- 23) The SAI shall incorporate into the system of quality management the objectives that are relevant to ensure its independence and ability to carry out high quality work in compliance with the principles and organisational requirements of *ISSAI 130 - Code of Ethics* and *ISSAI 150 – Auditor Competence* as well as the ISSAIs or other relevant standards applicable to the individual engagements and other work.

#### ***Application material***

- 24) Quality management is not a separate function of the SAI; it is the integration of an organisational culture that demonstrates a commitment to quality within the SAI's strategy, operations and processes. As a result, designing the system of quality management and the SAI's operations and processes in an integrated manner may promote a harmonious approach to managing the SAI, and enhance the effectiveness of quality management. A strong organisational

culture supports the design, implementation and operation of the system of quality management in achieving the SAI's quality objectives.

- 25) Responsibility for the system of quality management involves understanding its purpose in the SAI and putting in place an appropriate system of governance to oversee its operation.
- 26) To operate the system of quality management, the head of the SAI may assign responsibilities to individuals for the system and hold them accountable for the way they exercise those responsibilities. This may involve assigning to:
  - a. a person or group of persons such as the most senior official or group of officials the responsibility and accountability for the system of quality management;
  - b. a person or group of persons the operational responsibility for specific aspects of the system, such as compliance with independence requirements, and the monitoring and remediation process.

In less complex SAIs, all these responsibilities may be assigned to the same individual.

- 27) When assigning responsibility and accountability for the system of quality management or specific aspects of it, the head of the SAI may consider whether the person or group of persons possesses appropriate experience, knowledge, influence and authority, and sufficient time to fulfil assigned responsibilities, and if they understand the roles to which they are assigned and how they are accountable.
- 28) The independence of the SAI is a prerequisite for carrying out high quality work. The INTOSAI principles on independence are outlined in the *INTOSAI-Ps*, most notably in *INTOSAI P-10 Mexico Declaration on SAI Independence*.

## ***ESTABLISHING QUALITY OBJECTIVES***

### **Organisational requirements**

- 29) **The SAI shall establish quality objectives, appropriate to its nature and the circumstances in which it operates, that the system of quality management is intended to address. The quality objectives shall relate to each of the components of governance and leadership; relevant ethical requirements; acceptance, initiation, and continuance of engagements; performing engagements; SAI resources; and information and communication.**
- 30) **The SAI shall assess whether changes to quality objectives are needed to reflect changes in the nature and circumstances in which the SAI operates and/or its engagements. If such changes are needed, the SAI shall establish additional quality objectives or modify quality objectives already established.**

### ***Application material***

- 31) Laws, regulations and other relevant standards may create a requirement for specific quality objectives.
- 32) For the SAI that carries out engagements in accordance with ISSAIs, the ISSAIs will provide an important basis for establishing quality objectives. For example, *ISSAI 130* provides principles of integrity, independence and objectivity, competence, professional behaviour and confidentiality and transparency in the context of ethics. *ISSAI 150* establishes organisational requirements on auditor competencies. Compliance with these principles and organisational requirements are relevant objectives when establishing the SAI's system of quality management. Within the ISSAIs, different requirements are applicable at the level of individual engagements to financial audits, compliance audits and performance audits. The system of quality management serves to assure the SAI that the engagements are carried out in accordance with the ISSAIs that are applicable to the individual engagements.
- 33) It is advisable for the SAI to consider the context of its work and how it may impact its quality objectives.

- 34) The SAI may also separate quality objectives into sub-objectives to facilitate the SAI's identification and assessment of risks to the quality objectives and to establish appropriate responses.
- 35) The SAI decides the appropriate frequency for assessing whether changes to quality objectives are necessary.

### ***Governance and leadership***

- 36) Quality objectives associated with governance and leadership of the SAI may include one or more of the following:
  - a. the SAI demonstrates a commitment to quality within the organisational culture of the SAI;
  - b. leadership is responsible for and accountable for quality;
  - c. leadership demonstrates a commitment to quality through its actions and behaviours;
  - d. the organisational structure and assignment of roles, responsibilities, and authority is appropriate to enable the design, implementation, and operation of the SAI's system of quality management;
  - e. resource needs are planned, and resources are obtained, allocated, and assigned in a manner that demonstrates the SAI's commitment to quality.
- 37) The concept of leadership will vary from one SAI to another. Leadership is not necessarily limited to senior officials and those that govern the SAI, such as the head of the SAI.

### ***Relevant ethical requirements***

- 38) Quality objectives associated with ethical requirements may confirm that the SAI and its personnel understand and fulfil their responsibilities in relation to the relevant legal and ethical requirements (such as those set out in *ISSAI 130*), including those related to independence.

### ***Acceptance, initiation, and continuance of engagements***

- 39) Quality objectives associated with the acceptance, initiation, and continuance of engagements may specify that the SAI will normally accept, initiate, and continue engagements only if it:

- a. complies with the ISSAIs or other relevant standards, applicable legal and regulatory requirements, and ethical requirements;
  - b. acts within its legal mandate or authority; and
  - c. has the capabilities, including time and resources, to do so.
- 40) The SAI's engagements may arise (1) from its legal mandates, (2) following requests of legislative or oversight bodies, and (3) at its own discretion. In the cases of legal mandates and requests, the SAI may be required to conduct the engagement and may not be permitted to make decisions about acceptance or continuance or to resign or withdraw from the engagement.

### ***Performing engagements***

- 41) Quality objectives associated with performing engagements may set expectations on the extent to which:
- a. engagement teams understand and fulfil their responsibilities in connection to engagements, including the overall responsibility of the individual responsible for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the different stages of the engagement;
  - b. the nature, timing, and extent of direction and supervision of engagement teams and review of the work performed is appropriate based on the specific features of the engagements and the resources assigned or made available to the engagement teams;
  - c. engagement teams exercise appropriate professional judgment and professional scepticism;
  - d. consultation on significant matters is undertaken, especially for difficult or contentious matters, and the conclusions agreed to are implemented and, as appropriate, documented;
  - e. differences of opinion (e.g. within the engagement team, or between the engagement team and the engagement quality reviewer or individuals performing activities within the SAI's system of quality management) are brought to the attention of officials at the appropriate level of the SAI, resolved and documented appropriately;
  - f. audit reports are appropriate and address stakeholders' expectations without compromising the SAI's independence; and

- g. engagement documentation is assembled on a timely basis and is appropriately maintained and retained to meet the needs of the SAI and to comply with law, regulation, relevant ethical requirements, and the ISSAIs or other relevant standards.

### ***SAI resources***

- 42) Quality objectives associated with SAI resources may include:
  - a. personnel are recruited, trained, and retained who have the competence and capabilities to perform engagements of a consistently high quality and carry out responsibilities related to the operation of the SAI's system of quality management;
  - b. personnel develop and maintain the appropriate competence to perform their roles, are assessed and held accountable for that, or recognised through appropriate incentives;
  - c. individuals assigned to engagements or to perform activities within the system of quality management have appropriate competence and capabilities, including sufficient time, to perform their duties;
  - d. appropriate technological resources (typically IT applications, infrastructure and processes) are obtained or developed, implemented, maintained, and used to enable the operation of the SAI's system of quality management and the performance of engagements;
  - e. appropriate intellectual resources (e.g. methodologies, guides, standardised documentation, databases, etc.) are obtained or developed, implemented, maintained, and used to enable the operation of the SAI's system of quality management and the consistent performance of high quality engagements;
  - f. human, technological, or intellectual resources obtained from external service providers are appropriate for use in the SAI's system of quality management and in performing engagements.
- 43) The SAI is responsible for the system of quality management even when using resources from external service providers.

### ***Information and communication***

- 44) Quality objectives associated with information and communication may include the following:

- a. the information system identifies, captures, processes, and maintains relevant and reliable information that supports the system of quality management;
- b. the organisational culture recognises and enhances the employees' responsibilities regarding knowledge sharing within the SAI;
- c. relevant and reliable information about the system of quality management is communicated to personnel and engagement teams to enable them to understand and carry out their responsibilities within the system of quality management or engagements;
- d. personnel and engagement teams communicate within the SAI when performing activities within the system of quality management or engagements;
- e. relevant and reliable information about the system of quality management is communicated to stakeholders and other external parties.



## ***IDENTIFYING AND ASSESSING QUALITY RISKS***

### **Organisational requirements**

- 45) **The SAI shall identify and assess quality risks.**
- 46) **The SAI shall assess whether changes to quality risks or assessments of quality risks are needed because of changes in the nature and circumstances in which the SAI operates or its engagements. If such changes are needed, the SAI shall identify and assess new quality risks or modify the assessments of quality risks already identified.**

### ***Application material***

- 47) The SAI decides the appropriate frequency for identifying and assessing quality risks.
- 48) The following matters may assist the SAI in assessing the conditions, events, circumstances, actions or inactions that could adversely affect the achievement of its quality objectives, and how these risks may materialise:
  - a. complexity and other attributes of the SAI's organisational and operating environment;
  - b. the SAI's strategic and operational processes;
  - c. characteristics and management style of SAI leadership;
  - d. resources available to the SAI;
  - e. laws, regulations and ISSAIs or other relevant standards required in the environment in which the SAI operates;
  - f. any partnerships in the SAI operations;
  - g. the nature of engagements and other work that is performed by the SAI;
  - h. the types of reports that the SAI issues; and
  - i. the bodies that the SAI audits.

- 49) The following matters may assist the SAI in assessing the degree to which a risk, individually or in combination with other risks, could adversely affect the achievement of quality objectives:
- a. how the condition, event, circumstance, action or inaction would affect the achievement of the quality objectives;
  - b. how frequently the condition, event, circumstance, action or inaction is expected to occur;
  - c. how long it would take after the condition, event, circumstance, action or inaction occurred for it to have an effect, and whether in that time the SAI would have an opportunity to respond to mitigate the effect; and
  - d. how long the condition, event, circumstance, action or inaction would affect the achievement of the quality objective once it has occurred.
- 50) The SAI may use ratings or scores to help them classify the risks.

## ***DESIGNING AND IMPLEMENTING RESPONSES***

### **Organisational requirements**

- 51) **The SAI shall design and implement responses to address the quality risks in a manner that is based on, and responsive to, the assessments of those risks.**
- 52) **The SAI shall assess whether changes to responses are needed because of changes in the nature and circumstances of the SAI or its engagements. If such changes are needed, the SAI shall design and implement additional responses or modify responses already implemented.**

### ***Application material***

- 53) The SAI decides the appropriate frequency for assessing whether changes to responses are necessary.
- 54) Appropriate responses to address quality risks are proportionate to the assessment of these risks. Professional judgment assists the SAI in determining that the responses are proportionate to how the conditions, events and circumstances, and actions or inaction adversely affect the achievement of one or more quality objectives.
- 55) When designing and implementing responses to address quality risks, the SAI may consider the following:
  - a. the nature, timing and extent of the responses;
  - b. the appropriate level at which to implement the responses (e.g., at the institutional level, engagement level, or a combination of both); and
  - c. the necessity of documenting and communicating the response to ensure consistent implementation.
- 56) The following are examples of responses to quality risks that the SAI may design and implement to address quality risks:
  - a. the SAI establishes policies and procedures for:
    - i. identifying, evaluating and addressing threats to compliance with the relevant ethical requirements; and

- ii. identifying, communicating, evaluating and reporting of any breaches of the relevant ethical requirements and appropriately responding to the causes and consequences of the breaches in a timely manner;
- b. the SAI obtains, at least annually, a documented confirmation of compliance with independence requirements from all personnel required by relevant ethical requirements to be independent;
- c. the SAI establishes policies and procedures for receiving, investigating and resolving complaints and allegations about failures to perform its engagements and other work in accordance with the ISSAIs or other relevant standards and applicable legal and regulatory requirements, or non-compliance with the SAI's policies or procedures;
- d. the SAI establishes policies and procedures that address situations when it is obliged by legal mandate or request to accept an engagement;
- e. the SAI establishes policies and procedures that identify if and when an engagement quality review is an appropriate response to address one or more quality risks.<sup>4</sup> These policies and procedures may address matters such as, but not limited to:
  - i. identification of specific engagements or types of engagements that require engagement quality reviews;
  - ii. eligibility to serve as an engagement quality reviewer;
  - iii. impairment of the engagement quality reviewer's eligibility to perform the engagement quality review; and
  - iv. performance of the engagement quality review.

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<sup>4</sup> More information can be found in ISQM 2, *Engagement Quality Reviews*, International Auditing and Assurance Standards Board (IAASB).

## ***MONITORING THE SYSTEM OF QUALITY MANAGEMENT AND REMEDYING IDENTIFIED DEFICIENCIES***

### **Organisational requirements**

- 57) The SAI shall establish a monitoring and remediation process to:
- a. provide relevant, reliable and timely information about the design, implementation and operation of the system of quality management;
  - b. identify potential strengths and deficiencies in the design, implementation and operation of the system of quality management;
  - c. take appropriate action to respond to identified deficiencies such that they are remediated on a timely basis; and
  - d. enable it to assess compliance with ISSAIs or other relevant standards and applicable legal and regulatory requirements and with policies and procedures it has established to address quality risks.
- 58) The monitoring and remediation process shall include:
- a. evaluating findings to determine whether deficiencies exist;
  - b. evaluating the severity, pervasiveness and root cause of identified deficiencies;
  - c. designing and implementing appropriate remedial actions to address those deficiencies; and
  - d. evaluating whether the remedial actions have been appropriately designed, implemented and are effective.
- 59) The SAI shall respond to circumstances when quality management findings indicate that required procedures were omitted during the performance of an engagement or the report issued may not comply with ISSAIs or other relevant standards and applicable laws and regulations.
- 60) The SAI shall establish policies and procedures that address the objectivity of the individuals performing the monitoring activities.

## ***Application material***

- 61) The monitoring and remediation process facilitates the proactive and continual improvement of engagement quality and the system of quality management in addition to enabling the evaluation of the system of quality management.
- 62) Establishing a monitoring and remediation process may include:
  - a. designing monitoring activities to identify strengths in the design and operation of the system of quality management;
  - b. designing monitoring activities to identify, evaluate and remediate deficiencies in the design and operation of the system of quality management;
  - c. determining the circumstances when a review of completed engagements is required as part of monitoring activities; and
  - d. establishing criteria for selecting engagements for review, the frequency of reviews and who should perform them.
- 63) In determining the nature, timing and extent of the monitoring activities, the SAI may consider:
  - a. its size, structure and organisation;
  - b. the reasons for the assessments given to the quality risks;
  - c. the design of the responses to address the quality risks;
  - d. the design of the SAI's risk assessment process;
  - e. the changes in the system of quality management; and
  - f. the results of previous monitoring activities.
- 64) Changes in the system of quality management may include:
  - a. changes to address an identified deficiency in the system of quality management; and

- b. changes to the quality objectives, quality risks, or responses to address the quality risks resulting from changes in the nature and circumstances in which the SAI operates and its engagements.
- 65) When changes in the system of quality management occur, the SAI's previous monitoring activities may no longer provide it with information to support the evaluation of the system of quality management. Therefore, it is advisable to include monitoring of those changes in the SAI's monitoring activities.
  - 66) Monitoring activities may comprise a combination of ongoing monitoring activities and periodic monitoring activities. Ongoing monitoring activities are generally routine activities, built into the SAI's processes and performed on a real-time basis, reacting to changing conditions. Periodic monitoring activities are conducted at regular intervals by the SAI.
  - 67) To assist its monitoring and remediation process, the SAI may on a regular or more occasional basis seek feedback that can support the SAI in developing quality and quality management over time. Examples of sources of feedback include stakeholders, peer reviews or tools provided by INTOSAI, such as the SAI Performance Measurement Framework.
  - 68) Timely communication on identified deficiencies and remediation from those responsible for specific components of the system of quality management may enable personnel to take action to address the deficiencies in accordance with their responsibilities.

## ***EVALUATING AND CONCLUDING ON THE EFFECTIVENESS OF THE SYSTEM OF QUALITY MANAGEMENT***

### **Organisational requirements**

- 69) The person or persons assigned responsibility and accountability for the system of quality management shall evaluate the system of quality management. The evaluation shall cover a defined period and be performed at least annually.
- 70) Based on the evaluation, the person or persons assigned responsibility and accountability for the system of quality management shall conclude, on behalf of the SAI, one of the following:
- a. the system of quality management provides the SAI with reasonable assurance that the objective of the system of quality management is being achieved;
  - b. except for matters related to identified deficiencies that have a severe but not pervasive effect on its design, implementation, and operation, the system of quality management provides the SAI with reasonable assurance that the objective of the system of quality management is being achieved;
  - c. the system of quality management does not provide the SAI with reasonable assurance that the objective of the system of quality management is being achieved.

### ***Application material***

- 71) The person or persons assigned responsibility and accountability for the system of quality management may be assisted by other individuals in performing the evaluation. Nevertheless, they remain responsible and accountable for the evaluation.
- 72) The information that provides the basis for the evaluation of the effectiveness of the system of quality management can be obtained in a number of ways. When defining these processes, the SAI has regard to the complexity of its organisation, operating environment and the types of engagements performed. In smaller SAIs, the person(s) performing the evaluation may be directly involved



in the monitoring and remediation and will therefore be aware of the information that supports the evaluation of the system of quality management. In larger SAIs, the person(s) performing the evaluation may need to establish processes to collate, summarise and communicate the information needed to evaluate the system of quality management.

- 73) In concluding on the system of quality management, the person or persons assigned responsibility and accountability for the system of quality management may consider
- a. the SAI's quality management risk assessment process, including its quality objectives, quality risks, and a description of the responses and the extent to which the SAI's responses address the quality risks; and
  - b. the results of the monitoring and remediation process, including:
    - i. identified strengths in the design and operation of the system of quality management,
    - ii. the severity and pervasiveness of identified deficiencies and the effect on the achievement of the objective of the system of quality management;
    - iii. whether remedial actions have been designed and implemented by the SAI and whether the remedial actions taken up to the time of the evaluation are effective; and
    - iv. whether the effect of identified deficiencies on the system of quality management has been appropriately corrected, such as whether further actions have been taken as appropriate.
- 74) Applicable laws, regulations, or other factors could create circumstances when it is appropriate to communicate the conclusion on the effectiveness of the system of quality management to external parties. In such circumstances, it is advisable for the SAI to establish procedures as to how such conclusions are reported.

## ***DOCUMENTING THE SYSTEM OF QUALITY MANAGEMENT***

### **Organisational requirements**

- 75) **The SAI shall prepare documentation of its system of quality management that is sufficient to:**
- a. provide evidence of the design, implementation and operation of the system of quality management;**
  - b. support a consistent understanding of the system of quality management by the personnel, including their roles and responsibilities within the system of quality management and in performing engagements;**
  - c. support the consistent implementation and operation of the system of quality management; and**
  - d. support the monitoring and evaluation of the system of quality management.**
- 76) **The SAI shall establish a period of time for retaining documentation for the system of quality management taking into account relevant standards, laws and regulations.**

### ***Application material***

- 77) **The SAI's judgments about the form, content, and extent of documentation may be affected by factors related to the nature and complexity of the SAI and engagements performed. Areas of greater quality risk, matters involving more complex judgments, and changes to aspects of the system of quality management may have a greater effect on the form, content, and extent of documentation.**
- 78) **The SAI may include in documentation of its system of quality management:**
- a. the SAI's quality objectives and quality risks;**
  - b. a description of the responses and how the SAI's responses address the quality risks;**

- c. information regarding the monitoring and remediation process, including evidence of the monitoring activities performed, the evaluation of findings and identified deficiencies and their underlying causes, remedial actions to address identified deficiencies and the evaluation of the design and implementation of such remedial actions, and communications about monitoring and remediation; and
- d. the basis for the conclusions reached regarding the evaluation of the system of quality management.

# ISSAI100

## FUNDAMENTAL PRINCIPLES OF PUBLIC- SECTOR AUDITING

INTOSAI Standards are issued  
by the International  
Organisation of Supreme Audit  
Institutions, INTOSAI, as part of  
the INTOSAI Framework of  
Professional Pronouncements.  
For more information visit  
[www.issai.org](http://www.issai.org)

INTOSAI, 2019

- 1) Endorsed as Basic Principles in Government Auditing in 2001
- 2) Revised and renamed Fundamental Principles of Public-Sector Auditing in 2013
- 3) With the establishment of the Intosai Framework of Professional Pronouncements (IFPP), editorial changes were made in 2019
- 4) With the adoption of ISSAI 150 on auditor competence supplements were made in 2022

ISSAI 100 is available in all INTOSAI official languages: Arabic, English, French, German and Spanish

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# 1

## INTRODUCTION

- 1) Professional standards and guidelines are essential for the credibility, quality and professionalism of public-sector auditing. The International Standards of Supreme Audit Institutions (ISSAIs) developed by the International Organisation of Supreme Audit Institutions (INTOSAI) aim to promote independent and effective auditing by supreme audit institutions (SAIs).
- 2) The ISSAIs support the members of INTOSAI in the development of their own professional approach in accordance with their mandates and with national laws and regulations.
- 3) The ISSAIs form part of the INTOSAI Framework of Professional Pronouncements (IFPP). Within this framework, the INTOSAI Principles (INTOSAI-P) contain the framework's founding principles and core principles that set out prerequisites for the proper functioning of SAIs. ~~The International Standards of Supreme Audit Institutions (ISSAIs)~~ address the conduct of audits and include generally-recognised professional principles that underpin the effective and independent auditing of public-sector entities.
- 4) INTOSAI Guidances (GUIDs) also form part of the IFPP. They provide guidance to support SAIs and individual auditors in enhancing organizational performance and implementing and applying the ISSAIs in practice.

- 5) The ISSAI 100 - *Fundamental Principles of Public-Sector Auditing* draws and elaborates on *INTOSAI-P 1 The Lima Declaration* and provides an authoritative international frame of reference defining public-sector auditing. The full set of ISSAIs is based on these principles.
- 6) ISSAI 100 *Fundamental Principles of Public-Sector Auditing* provides detailed information on:
  - the purpose and authority of the ISSAIs;
  - the framework for public-sector auditing;
  - the elements of public-sector auditing;
  - the principles to be applied in public-sector auditing.



# 2

## PURPOSE AND AUTHORITY OF THE ISSAIS

- 7) *ISSAI 100 Fundamental Principles of Public-Sector Auditing* establishes fundamental principles which are applicable to all public-sector audit engagements, irrespective of their form or context. *ISSAI 200 Financial Audit Principles*, *ISSAI 300 Performance Audit Principles* and *ISSAI 400 Compliance Audit Principles* build on and further develop the principles to be applied in the context of financial, performance and compliance auditing respectively. They should be applied in conjunction with the principles set out in ISSAI 100. The principles in no way override national laws, regulations or mandates or prevent SAIs from carrying out investigations, reviews or other engagements which are not specifically covered by the existing ISSAIs.
- 8) *The Fundamental Principles of Public-Sector Auditing (ISSAI 100)* and the *Financial, Performance and Compliance Auditing Principles*<sup>1</sup> that flow from this can be used to establish authoritative standards in three ways:
- as a basis on which SAIs can develop standards;
  - as a basis for the adoption of consistent national standards;
  - as a basis for adoption of the ISSAIs.

SAIs may choose to compile a single standard-setting document, a series of such documents or a combination of standard-setting and other authoritative documents.

SAIs should declare which standards they apply when conducting audits, and this declaration should be accessible to users of the SAI's reports. Where the standards are based on several sources taken together, this should also be stated. SAIs are encouraged to make such declarations part of their audit reports; however, a more general form of communication may be used.

<sup>1</sup> ISSAIs 200, 300 and 400

- 9) An SAI may declare that the standards it has developed or adopted are based on or are consistent with the principles of the ISSAIs only if the standards fully comply with all relevant principles in ISSAIs 100, 200, 300 and 400.

Audit reports may include a reference to the fact that the standards used were based on or consistent with the ISSAI or ISSAIs relevant to the audit work carried out. Such reference may be made by stating:

*... We conducted our audit[s] in accordance with [standards], which are based on [or consistent with] ISSAI 100 Fundamental Principles of Public-Sector Auditing [and the principles of ISSAI 200 Financial Audit Principles / ISSAI 300 Performance Audit Principles / ISSAI 400 Compliance Audit Principles] of the International Standards of Supreme Audit Institutions.*

In order to properly adopt or develop auditing standards based on these auditing principles, an understanding of the entire text of the principles is necessary. To achieve this, it may be helpful to consult the relevant financial audit standards (ISSAIs 2000-2899), performance audit standards (ISSAIs 3000-3899) and compliance audit standards (ISSAIs 4000-4899).

- 10) SAIs may choose to adopt the ISSAIs as their authoritative standards. In such cases the auditor must comply with all ISSAIs relevant to the audit. Reference to the ISSAIs applied may be made by stating:

*... We conducted our audit[s] in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).*

In order to enhance transparency, the statement may further specify which auditing standards within the ISSAIs 2000-4899 the auditor has considered relevant and applied. This may be done by adding the following phrase:

*The audit[s] was [were] based on ISSAI[s] xxx [number and name of the ISSAI or range of ISSAIs].*

- 11) The International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC) are incorporated into the INTOSAI financial audit standards (ISSAIs 2000-2899). In financial audits, reference may therefore be made either to the ISSAIs or to the ISAs. The ISSAIs may provide additional public-sector application material, but the requirements upon the auditor in financial audits are the same. The ISAs constitute an indivisible set of standards and the ISSAIs in which they are incorporated may not be referred to individually. If the ISSAIs or the ISAs have been adopted as the SAI's standards for financial audits, the auditor's report should include a reference to those standards. This applies equally to financial audits conducted in combination with other types of audit.
- 12) Audits may be conducted in accordance with both the ISSAIs and standards from other sources provided that no contradictions arise. In such cases reference should be made both to the ISSAIs and to the other standards concerned.

# 3

## FRAMEWORK FOR PUBLIC- SECTOR AUDITING

### MANDATE

- 13) An SAI will exercise its public-sector audit function within a specific constitutional arrangement and by virtue of its office and mandate, which ensure sufficient independence and power of discretion in performing its duties. The mandate of an SAI may define its general responsibilities in the field of public-sector auditing and provide further prescriptions concerning the audits and other engagements to be performed.
- 14) SAIs may be mandated to perform many types of engagements on any subject of relevance to the responsibilities of management and those charged with governance and the appropriate use of public funds and assets. The extent or form of these engagements and the reporting thereon will vary according to the legislated mandate of the SAI concerned.
- 15) In certain countries, the SAI is a court, composed of judges, with authority over State accountants and other public officials who must render account to it. There exists an important relationship between this jurisdictional authority and the characteristics of public-sector auditing. The jurisdictional function requires the SAI to ensure that whoever is charged with dealing with public funds is held accountable and, in this regard, is subject to its jurisdiction.
- 16) An SAI may make strategic decisions in order to respond to the requirements in its mandate and other legislative requirements. Such decisions may include which auditing standards are applicable, which engagements will be conducted and how they will be prioritised.

## PUBLIC-SECTOR AUDITING AND ITS OBJECTIVES

- 17) The public-sector audit environment is that in which governments and other public-sector entities exercise responsibility for the use of resources derived from taxation and other sources in the delivery of services to citizens and other recipients. These entities are accountable for their management and performance, and for the use of resources, both to those that provide the resources and to those, including citizens, who depend on the services delivered using those resources. Public-sector auditing helps to create suitable conditions and reinforce the expectation that public-sector entities and public servants will perform their functions effectively, efficiently, ethically and in accordance with the applicable laws and regulations.
- 18) In general, public-sector auditing can be described as a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions conform to established criteria. Public-sector auditing is essential in that it provides legislative and oversight bodies, those charged with governance and the general public with information and independent and objective assessments concerning the stewardship and performance of government policies, programmes or operations.
- 19) SAIs serve this aim as important pillars of their national democratic systems and governance mechanisms and play an important role in enhancing public-sector administration by emphasising the principles of transparency, accountability, governance and performance. INTOSAI P-20 Principles of Transparency and Accountability contain INTOSAI core principles in this regard.
- 20) All public-sector audits start from objectives, which may differ depending on the type of audit being conducted. However, all public-sector auditing contributes to good governance by:
- providing the intended users with independent, objective and reliable information, conclusions or opinions based on sufficient and appropriate evidence relating to public entities;
  - enhancing accountability and transparency, encouraging continuous improvement and sustained confidence in the appropriate use of public funds and assets and the performance of public administration;

- reinforcing the effectiveness of those bodies within the constitutional arrangement that exercise general monitoring and corrective functions over government, and those responsible for the management of publicly-funded activities;
  - creating incentives for change by providing knowledge, comprehensive analysis and well-founded recommendations for improvement.
- 21) In general, public-sector audits can be categorised into one or more of three main types: audits of financial statements, audits of compliance with authorities and performance audits. The objectives of any given audit will determine which standards apply.

## TYPES OF PUBLIC-SECTOR AUDIT

- 22) The three main types of public-sector audit are defined as follows:

Financial audit focuses on determining whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework. This is accomplished by obtaining sufficient and appropriate audit evidence to enable the auditor to express an opinion as to whether the financial information is free from material misstatement due to fraud or error.

Performance audit focuses on whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance is examined against suitable criteria, and the causes of deviations from those criteria or other problems are analysed. The aim is to answer key audit questions and to provide recommendations for improvement.

Compliance audit focuses on whether a particular subject matter is in compliance with authorities identified as criteria. Compliance auditing is performed by assessing whether activities, financial transactions and information are, in all material respects, in compliance with the authorities which govern the audited entity. These authorities may include rules, laws and regulations, budgetary resolutions, policy, established codes, agreed terms or the general principles governing sound public-sector financial management and the conduct of public officials.

- 23) SAIs may carry out audits or other engagements on any subject of relevance to the responsibilities of management and those charged with governance and the appropriate use of public resources. These engagements may include reporting on the quantitative outputs and outcomes of the entity's service delivery activities, sustainability reports, future resource requirements, adherence to internal control standards, real-time audits of projects or other matters. SAIs may also conduct combined audits incorporating financial, performance and/or compliance aspects.
- 24) Public-sector auditing is indispensable for the public administration, as the management of public resources is a matter of trust. Responsibility for the management of public resources in line with intended purposes is entrusted to an entity or person who acts on behalf of the public. Public-sector auditing enhances the confidence of the intended users by providing information and independent and objective assessments concerning deviations from accepted standards or principles of good governance.

All public-sector audits have the same basic elements: the auditor, the responsible party, intended users (the three parties to the audit), criteria for assessing the subject matter and the resulting subject matter information. They can be categorised as two different types of audit engagement: attestation engagements and direct reporting engagements.

# 4

## ELEMENTS OF PUBLIC- SECTOR AUDITING

### THE THREE PARTIES

- 25) Public-sector audits involve at least three separate parties: the auditor, a responsible party and intended users. The relationship between the parties should be viewed within the context of the specific constitutional arrangements for each type of audit.
- The auditor: In public-sector auditing the role of auditor is fulfilled by the Head of the SAI and by persons to whom the task of conducting the audits is delegated. The overall responsibility for public-sector auditing remains as defined by the SAI's mandate.
  - The responsible party: In public-sector auditing the relevant responsibilities are determined by constitutional or legislative arrangement. The responsible parties may be responsible for the subject matter information, for managing the subject matter or for addressing recommendations, and may be individuals, ~~or~~ organisations, or both.
  - Intended users: The individuals, organisations or classes thereof for whom the auditor prepares the audit report. The intended users may be legislative or oversight bodies, those charged with governance or the general public.



## SUBJECT MATTER, CRITERIA AND SUBJECT MATTER INFORMATION

- 26) Subject matter refers to the information, condition or activity that is measured or evaluated against certain criteria. It can take many forms and have different characteristics depending on the audit objective. An appropriate subject matter is identifiable and capable of consistent evaluation or measurement against the criteria, such that it can be subjected to procedures for gathering sufficient and appropriate audit evidence to support the audit opinion or conclusion.
- 27) The criteria are the benchmarks used to evaluate the subject matter. Each audit should have criteria suitable to the circumstances of that audit. In determining the suitability of criteria the auditor considers their relevance and understandability for the intended users, as well as their completeness, reliability and objectivity (neutrality, general acceptance and comparability with the criteria used in similar audits). The criteria used may depend on a range of factors, including the objectives and the type of audit. Criteria can be specific or more general, and may be drawn from various sources, including laws, regulations, standards, sound principles and best practices. They should be made available to the intended users to enable them to understand how the subject matter has been evaluated or measured.
- 28) Subject matter information refers to the outcome of evaluating or measuring the subject matter against the criteria. It can take many forms and have different characteristics depending on the audit objective and audit scope.

## TYPES OF ENGAGEMENT

- 29) There are two types of engagement:
- In attestation engagements the responsible party measures the subject matter against the criteria and presents the subject matter information, on which the auditor then gathers sufficient and appropriate audit evidence to provide a reasonable basis for expressing a conclusion.
  - 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. The outcome of measuring the subject matter against the criteria is presented in the audit report in the form of findings, conclusions, recommendations or an opinion. The audit of the subject matter may also provide new information, analyses or insights.

- 30) Financial audits are always attestation engagements, as they are based on financial information presented by the responsible party. Performance audits are normally direct reporting engagements. Compliance audits may be attestation or direct reporting engagements, or both at once. The following constitute the subject matter or the subject matter information in the three types of audit covered by the ISSAIs:
- a) *Financial audit*: The subject matter of a financial audit is the financial position, performance, cash flow or other elements which are recognised, measured and presented in financial statements. The subject matter information is the financial statements.
  - b) *Performance audit*: The subject matter of a performance audit is defined by the audit objectives and audit questions. The subject matter may be specific programmes, entities or funds or certain activities (with their outputs, outcomes and impacts), existing situations (including causes and consequences) as well as non-financial or financial information about any of these elements. The auditor measures or evaluates the subject matter to assess the extent to which the established criteria have or have not been met.
  - c) *Compliance audit*: The subject matter of a compliance audit is defined by the scope of the audit. It may be activities, financial transactions or information. For attestation engagements on compliance it is more relevant to focus on the subject matter information, which may be a statement of compliance in accordance with an established and standardised reporting framework.

## CONFIDENCE AND ASSURANCE IN PUBLIC-SECTOR AUDITING

### The need for confidence and assurance

- 31) The intended users will wish to be confident about the reliability and relevance of the information which they use as the basis for taking decisions. Audits therefore provide information based on sufficient and appropriate evidence, and auditors should perform procedures to reduce or manage the risk of reaching inappropriate conclusions. The level of assurance that can be provided to the intended user should be communicated in a transparent way. Due to inherent limitations, however, audits can never provide absolute assurance.

### Forms of providing assurance

- 32) Depending on the audit and the users' needs, assurance can be communicated in two ways:
- Through opinions and conclusions which explicitly convey the level of assurance. This applies to all attestation engagements and certain direct reporting engagements.
  - In other forms. In some direct reporting engagements the auditor does not give an explicit statement of assurance on the subject matter. In such cases the auditor provides the users with the necessary degree of confidence by explicitly explaining how findings, criteria and conclusions were developed in a balanced and reasoned manner, and why the combinations of findings and criteria result in a certain overall conclusion or recommendation.

### Levels of assurance

- 33) Assurance can be either reasonable or limited.

Reasonable assurance is high but not absolute. The audit conclusion is expressed positively, conveying that, in the auditor's opinion, the subject matter is or is not compliant in all material respects, or, where relevant, that the subject matter information provides a true and fair view, in accordance with the applicable criteria.

When providing limited assurance, the audit conclusion states that, based on the procedures performed, nothing has come to the auditor's attention to cause the auditor to believe that the subject matter is not in compliance with the applicable criteria. The procedures performed in a limited assurance audit are limited compared with what is necessary to obtain reasonable assurance, but the level of assurance is expected, in the auditor's professional judgement, to be meaningful to the intended users. A limited assurance report conveys the limited nature of the assurance provided.

# 5

## PRINCIPLES OF PUBLIC-SECTOR AUDITING

- 34) The principles detailed below are fundamental to the conduct of an audit. Auditing is a cumulative and iterative process. However, for the purposes of presentation the fundamental principles are grouped by principles related to the SAI's organisational requirements, general principles that the auditor should consider prior to commencement and at more than one point during the audit and principles related to specific steps in the audit process.

Areas covered by the principles for public-sector auditing

GENERAL PRINCIPLES			
Ethics & Independence	Professional judgment, due care and scepticism	Quality control	Audit team management & skills
Audit risk	Materiality	Documentation	Communication

PRINCIPLES RELATED TO THE AUDIT PROCESS		
<b>Planning the audit</b> <ul style="list-style-type: none"> <li>Establish the terms of the audit</li> <li>Obtain Understanding</li> <li>Conduct risk assessment of problem analysis</li> <li>Identify risks of Fraud</li> <li>Develop an audit plan</li> </ul>	<b>Conducting the audit</b> <ul style="list-style-type: none"> <li>Perform the planned audit procedures to obtain audit evidence</li> <li>Evaluate audit evidence and draw conclusions</li> </ul>	<b>Reporting and follow-up</b> <ul style="list-style-type: none"> <li>Prepare a report based on the conclusions reached</li> <li>Follow up on reported matters as relevant</li> </ul>

'Quality Control' to be corrected to 'Quality management'

## ORGANISATIONAL REQUIREMENTS

### 35) **SAs should establish and maintain appropriate procedures for ethics and quality control**

Each SAI should establish the relevant ethical requirements and maintain procedures for ethics and quality control on an organisational level that will provide it with reasonable assurance that the SAI and its personnel are complying with professional standards and the applicable ethical, legal and regulatory requirements. The existence of these procedures at SAI level is a prerequisite for applying national standards that are based on or consistent with the Fundamental Auditing Principles. *ISSAI 130 - Code of Ethics and ISSAI 140 - Quality Control for SAs* defines the requirements of the ISSAIs and provides related application material in this regard.

### 36) **SAs should establish and maintain design, implement and operate a system of quality management**

Each SAI should establish and maintain design, implement and operate a system of quality management to provide it with reasonable assurance that the SAI carries out all audits and other work at a consistently high level of quality and in accordance with the ISSAIs, or other relevant standards, and applicable legal and regulatory requirements. An SAI's system of quality management generally addresses the following interconnected components in a continual and iterative manner:

- SAI's risk assessment process,
- Governance and leadership,
- Relevant ethical requirements,
- Acceptance, initiation, and continuance of engagements,
- Performing engagements and issuing audit reports,
- SAI resources,
- Information and communication, and
- Monitoring and remediation process.

The existence of a system of quality management at SAI level is a

prerequisite for applying or developing national standards that are based on or consistent with the Fundamental Auditing Principles. ISSAI 140 - Quality Management for SAIs defines the following requirements for the ISSAIs:

- Establishing the system of quality management,
- Establishing quality objectives,
- Identifying and assessing quality risks,
- Designing and implementing responses,
- Monitoring the system of quality management and remedying identified deficiencies,
- Evaluating and concluding on the effectiveness of the system of quality management,
- Documenting the system of quality management.

ISSAI 140 also provides related application material in this regard.

**37) SAIs should establish and maintain appropriate procedures for competency management**

Each SAI should establish and maintain procedures for competency management on an organisational level that will provide it with reasonable assurance that the SAI's auditors have the competencies required to fulfill their function in accordance with ~~their-its~~ mandates. The competency management at an organizational level generally involves:

- I) Determining relevant competencies.
- II) Providing enabling human resource practices,
- III) Providing pathways for professional development and
- IV) Assessing and monitoring competencies.

The existence of procedures for competency management is a prerequisite for applying national standards that are based on or consistent with the Fundamental Auditing Principles. *ISSAI 150 - Auditor Competence* defines the requirements ~~ef~~for the ISSAIs and provides related application material in this regard.

## GENERAL PRINCIPLES

### Ethics and independence

- 38) Auditors should comply with the relevant ethical requirements and be independent.** Ethical principles should be embodied in an auditor's professional behaviour. The SAs should have policies addressing ethical requirements and emphasising the need for compliance by each auditor. Auditors should remain independent so that their reports will be impartial and be seen as such by the intended users.

Auditors can find INTOSAI Core Principles on independence in the *INTOSAI P-10 Mexico Declaration on SAI Independence*. The key ethical principles of integrity, independence and objectivity, competence, professional behavior and confidentiality and transparency are defined in *ISSAI 130 Code of Ethics*, together with related requirements and application material.

### Professional judgement, due care and scepticism

- 39) Auditors should maintain appropriate professional behaviour by applying professional scepticism, professional judgment and due care throughout the audit.** The auditor's attitude should be characterised by professional scepticism and professional judgement, which are to be applied when forming decisions about the appropriate course of action. Auditors should exercise due care to ensure that their professional behaviour is appropriate.

Professional scepticism means maintaining professional distance and an alert and questioning attitude when assessing the sufficiency and appropriateness of evidence obtained throughout the audit. It also entails remaining open-minded and receptive to all views and arguments.

Professional judgement implies the application of collective knowledge, skills and experience to the audit process. Due care means that the auditor should plan and conduct audits in a diligent manner. Auditors should avoid any conduct that might discredit their work.

Quality control management

- 40) **Auditors should perform the audit in accordance with ~~the~~ procedures and requirements of the professional standards on quality control management**

An SAI's quality ~~control policies and management~~ procedures should include assigning and defining responsibilities for quality and quality management of individual audits ~~comply with professional standards~~, the aim being to ensure that audits are conducted at a consistently high level. Quality ~~control management~~ procedures should cover matters such as the direction, review and supervision of the audit process and the need for consultation in order to reach decisions on difficult or contentious matters. ~~Auditors can find further information in ISSAI 140 Quality Control Management for SAIs.~~

**Kommentert [A1]:** what is meant by „the procedures of the professional standards“?

Audit team management and skills

- 41) **Auditors should possess or have access to the necessary skills**

The individuals in the audit team should collectively possess the knowledge, skills and expertise necessary to successfully complete the audit. This includes an understanding and practical experience of the type of audit being conducted, familiarity with the applicable standards and legislation, an understanding of the entity's operations and the ability and experience to exercise professional judgement. Common to all audits is the need to recruit personnel with suitable qualifications, offer staff development and training, prepare manuals and other written guidance and instructions concerning the conduct of audits, and assign sufficient audit resources. Auditors should maintain their professional competence through ongoing professional development. ISSAI 150 - Auditor Competence defines the organizational requirements of the ISSAIs and provides s related application material in this regard.

Where relevant or necessary, and in line with the SAI's mandate and the applicable legislation, the auditor may use the work of internal auditors, other auditors or experts. The auditor's procedures should provide a sufficient basis for using the work of others, and in all cases the auditor should obtain evidence of other auditors' or experts' competence and



independence and the quality of the work performed. However, the SAI has sole responsibility for any audit opinion or report it might produce on the subject matter; that responsibility is not reduced by its use of work done by other parties.

The objectives of internal audit are different from those of external audit. However, both internal and external audit promote good governance through contributions to transparency and accountability for the use of public resources, as well as economy, efficiency and effectiveness in public administration. This offers opportunities for coordination and cooperation and the possibility of eliminating duplication of effort.

Some SAIs use the work of other auditors at state, provincial, regional, district or local level, or of public accounting firms that have completed audit work related to the audit objective. Arrangements should be made to ensure that any such work was carried out in accordance with public-sector auditing standards.

Audits may require specialised techniques, methods or skills from disciplines not available within the SAI. In such cases experts may be used to provide knowledge or carry out specific tasks or for other purposes.

#### Audit risk

#### **42) Auditors should manage the risks of providing a report that is inappropriate in the circumstances of the audit**

The audit risk is the risk that the audit report may be inappropriate. The auditor performs procedures to reduce or manage the risk of reaching inappropriate conclusions, recognising that the limitations inherent to all audits mean that an audit can never provide absolute certainty of the condition of the subject matter.

When the objective is to provide reasonable assurance, the auditor should reduce audit risk to an acceptably low level given the circumstances of the audit. The audit may also aim to provide limited assurance, in which case the acceptable risk that criteria are not complied with is greater than in a reasonable assurance audit. A limited assurance audit provides a level of assurance that, in the auditor's professional judgment, will be meaningful to the intended users.

### Materiality

#### **43) Auditors should consider materiality throughout the audit process**

Materiality is relevant in all audits. A matter can be judged material if knowledge of it would be likely to influence the decisions of the intended users. Determining materiality is a matter of professional judgement and depends on the auditor's interpretation of the users' needs. This judgement may relate to an individual item or to a group of items taken together. Materiality is often considered in terms of value, but it also has other quantitative as well as qualitative aspects. The inherent characteristics of an item or group of items may render a matter material by its very nature. A matter may also be material because of the context in which it occurs.

Materiality considerations affect decisions concerning the nature, timing and extent of audit procedures and the evaluation of audit results.

Considerations may include stakeholder concerns, public interest, regulatory requirements and consequences for society.

### Documentation

#### **44) Auditors should prepare audit documentation that is sufficiently detailed to provide a clear understanding of the work performed, evidence obtained and conclusions reached**

Audit documentation should include an audit strategy and audit plan. It should record the procedures performed and evidence obtained and support the communicated results of the audit. Documentation should be sufficiently detailed to enable an experienced auditor, with no prior knowledge of the audit, to understand the nature, timing, scope and results of the procedures performed, the evidence obtained in support of the audit conclusions and recommendations, the reasoning behind all significant matters that required the exercise of professional judgement, and the related conclusions.

### Communication

**45) Auditors should establish effective communication throughout the audit process**

It is essential that the audited entity be kept informed of all matters relating to the audit. This is key to developing a constructive working relationship. Communication should include obtaining information relevant to the audit and providing management and those charged with governance with timely observations and findings throughout the engagement. The auditor may also have a responsibility to communicate audit-related matters to other stakeholders, such as legislative and oversight bodies.

## PRINCIPLES RELATED TO THE AUDIT PROCESS

### Planning an audit

**46) Auditors should ensure that the terms of the audit have been clearly established**

Audits may be required by statute, requested by a legislative or oversight body, initiated by the SAI or carried out by simple agreement with the audited entity. In all cases the auditor, the audited entity's management, those charged with governance and others as applicable should reach a common formal understanding of the terms of the audit and their respective roles and responsibilities. Important information may include the subject, scope and objectives of the audit, access to data, the report that will result from the audit, the audit process, contact persons, and the roles and responsibilities of the different parties to the engagement.

**47) Auditors should obtain an understanding of the nature of the entity/ programme to be audited**

This includes understanding the relevant objectives, operations, regulatory environment, internal controls, financial and other systems and business processes, and researching the potential sources of audit evidence. Knowledge can be obtained from regular interaction

with management, those charged with governance and other relevant stakeholders. This may mean consulting experts and examining documents (including earlier studies and other sources) in order to gain a broad understanding of the subject matter to be audited and its context.

**48) Auditors should conduct a risk assessment or problem analysis and revise this as necessary in response to the audit findings**

The nature of the risks identified will vary according to the audit objective. The auditor should consider and assess the risk of different types of deficiencies, deviations or misstatements that may occur in relation to the subject matter. Both general and specific risks should be considered. This can be achieved through procedures that serve to obtain an understanding of the entity or programme and its environment, including the relevant internal controls. The auditor should assess the management's response to identified risks, including its implementation and design of internal controls to address them. In a problem analysis the auditor should consider actual indications of problems or deviations from what should be or is expected. This process involves examining various problem indicators in order to define the audit objectives. The identification of risks and their impact on the audit should be considered throughout the audit process.

**49) Auditors should identify and assess the risks of fraud relevant to the audit objectives.**

Auditors should make enquiries and perform procedures to identify and respond to the risks of fraud relevant to the audit objectives. They should maintain an attitude of professional scepticism and be alert to the possibility of fraud throughout the audit process.

**50) Auditors should plan their work to ensure that the audit is conducted in an effective and efficient manner**

Planning for a specific audit includes strategic and operational aspects.

Strategically, planning should define the audit scope, objectives and approach. The objectives refer to what the audit is intended to accomplish. The scope relates to the subject matter and the criteria which the auditors

will use to assess and report on the subject matter, and is directly related to the objectives. The approach will describe the nature and extent of the procedures to be used for gathering audit evidence. The audit should be planned to reduce audit risk to an acceptably low level.

Operationally, planning entails setting a timetable for the audit and defining the nature, timing and extent of the audit procedures. During planning, auditors should assign the members of their team as appropriate and identify other resources that may be required, such as subject experts.

Audit planning should be responsive to significant changes in circumstances and conditions. It is an iterative process that takes place throughout the audit.

#### Conducting an audit

#### **51) Auditors should perform audit procedures that provide sufficient appropriate audit evidence to support the audit report**

The auditor's decisions on the nature, timing and extent of audit procedures will impact on the evidence to be obtained. The choice of procedures will depend on the risk assessment or problem analysis.

Audit evidence is any information used by the auditor to determine whether the subject matter complies with the applicable criteria. Evidence may take many forms, such as electronic and paper records of transactions, written and electronic communication with outsiders, observations by the auditor, and oral or written testimony by the audited entity. Methods of obtaining audit evidence can include inspection, observation, inquiry, confirmation, recalculation, reperformance, analytical procedures and/or other research techniques. Evidence should be both sufficient (quantity) to persuade a knowledgeable person that the findings are reasonable, and appropriate (quality) – i.e. relevant, valid and reliable. The auditor's assessment of the evidence should be objective, fair and balanced. Preliminary findings should be communicated to and discussed with the audited entity to confirm their validity.

The auditor must respect all requirements regarding confidentiality.

**52) Auditors should evaluate the audit evidence and draw conclusions**

After completing the audit procedures, the auditor will review the audit documentation in order to determine whether the subject matter has been sufficiently and appropriately audited. Before drawing conclusions, the auditor reconsiders the initial assessment of risk and materiality in the light of the evidence collected and determines whether additional audit procedures need to be performed.

The auditor should evaluate the audit evidence with a view to obtaining audit findings. When evaluating the audit evidence and assessing materiality of findings the auditor should take both quantitative and qualitative factors into consideration.

Based on the findings, the auditor should exercise professional judgement to reach a conclusion on the subject matter or subject matter information.

Reporting and follow-up

**53) Auditors should prepare a report based on the conclusions reached**

The audit process involves preparing a report to communicate the results of the audit to stakeholders, others responsible for governance and the general public. The purpose is also to facilitate follow-up and corrective action. In some SAIs, such as courts of audit with jurisdictional authority, this may include issuing legally binding reports or judicial decisions.

Reports should be easy to understand, free from vagueness or ambiguity and complete. They should be objective and fair, only including information which is supported by sufficient and appropriate audit evidence and ensuring that findings are put into perspective and context.

The form and content of a report will depend on the nature of the audit, the intended users, the applicable standards and legal requirements. The SAI's mandate and other relevant laws or regulations may specify the layout or wording of reports, which can appear in short form or long form.

Long-form reports generally describe in detail the audit scope, audit findings and conclusions, including potential consequences and constructive recommendations to enable remedial action.

Short-form reports are more condensed and generally in a more standardised format.

» Attestation engagements

In attestation engagements the audit report may express an opinion as to whether the subject matter information is, in all material respects, free from misstatement and/or whether the subject matter complies, in all material respects, with the established criteria. In an attestation engagement the report is generally referred to as the Auditor's Report.

» Direct engagements

In direct engagements the audit report needs to state the audit objectives and describe how they were addressed in the audit. It includes findings and conclusions on the subject matter and may also include recommendations. Additional information about criteria, methodology and sources of data may also be given, and any limitations to the audit scope should be described.

The audit report should explain how the evidence obtained was used and why the resulting conclusions were drawn. This will enable it to provide the intended users with the necessary degree of confidence.

» Opinion

When an audit opinion is used to convey the level of assurance, the opinion should be in a standardised format. The opinion may be unmodified or modified. An unmodified opinion is used when either limited or reasonable assurance has been obtained. A modified opinion may be:

- *Qualified (except for)* – where the auditor disagrees with, or is unable to obtain sufficient and appropriate audit evidence about, certain items in the subject matter which are, or could be, material but not pervasive;
- *Adverse* – where the auditor, having obtained sufficient and appropriate audit evidence, concludes that deviations or misstatements, whether individually or in the aggregate, are both material and pervasive;
- *Disclaimed* – where the auditor is unable to obtain sufficient and appropriate audit evidence due to an uncertainty or scope limitation which is both material and pervasive.

Where the opinion is modified the reasons should be put in perspective by clearly explaining, with reference to the applicable criteria, the nature and extent of the modification. Depending on the type of audit, recommendations for corrective action and any contributing internal control deficiencies may also be included in the report.

» Follow-up

SAIs have a role in monitoring action taken by the responsible party in response to the matters raised in an audit report. Follow-up focuses on whether the audited entity has adequately addressed the matters raised, including any wider implications. Insufficient or unsatisfactory action by the audited entity may call for a further report by the SAI.



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Respondent	Question 1
SAI Austria	<p>As regards the structure of ISSAI 140, we would like to suggest the following inclusion:</p> <p>In the light of the use of the modal verb “shall”, which has replaced the modal verb “should”, it might be helpful to include a paragraph that explains the meaning of “shall”. It might also be helpful to explain to the reader what is understood by “application material” and how it is intended to be used. For both cases we refer to ISSAI 3000, paragraph 4, which could be adapted to ISSAI 140:</p> <p><u>“Requirements are “shall” statements presented in bold. They contain the mandatory content necessary to produce the high quality audit work for those Supreme Audit Institutions (SAIs) that choose to make reference to the ISSAIs in their work. They tell auditors what is expected of them and to stakeholders what they can expect from the audit work. Explanations describe in more detail what a requirement means or is intended to cover.”</u></p> <p><i>We believe this should be handled at the drafting conventions level.</i></p>
SAI South Africa	<p>The ISSAI provides sufficient structure to develop a System of Quality Management (SOQM). However, we noted that the structure of the proposed standard is not exactly the same as the ISQM, which will require private sector auditors auditing in the public sector to adapt the structure of their programmes and methodologies which will be based on the IAASB structure.</p> <p>Furthermore, as noted under our overall comments, the application material could be expanded to include examples of specific situations which exist in the public sector. For example, under paragraph 38, the Acceptance, Initiation and Continuance of engagements could clarify or further explain why the considerations in the private sector do not apply in the public sector, and the origin of the mandates being in specific legislation.</p> <p><i>The structure of ISSAI 140 was adopted to be more responsive to a SAI environment. We acknowledge that other who may use this standard might have to make some adjustment. However, we do not believe that following exactly the structure of ISQM1 would have been appropriate.</i></p>
SAI Denmark	<p>We suggest that the ISSAI 140 should be supplemented with authoritative non-binding guidance.</p> <p>In the NAOD, we have discussed the draft ISSAI 140 and its possible implementation with the directors and auditors engaged in internal development of audit guidance in our organization. We note that the standard itself provides requirements and application material that leaves the SAIs with a relatively wide scope of interpretation as regards implementation of the various components.</p> <p>We value the flexibility it leaves for each SAI to define its own solutions.</p> <p>However, our internal discussions on the draft have also clearly demonstrated that this ISSAI will be difficult for us to implement unless it is supplemented with guidance that clarifies the intentions behind the text in a much more concrete and operational manner.</p> <p>We specifically ask for authoritative non-binding guidance and illustrative examples on:</p> <ul style="list-style-type: none"> <li>- Quality objectives: How would a typical set of quality objectives look like for a SAI? What organisational level is suitable for defining goals? To</li> </ul>

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	<p><i>what degree would it require measurability? Is the intention that we define a few focused objectives (areas for improvement) or should we try to be exhaustive and cover all relevant aspects for each component in the quality management system?</i></p> <p><i>- Quality risk assessment: What would qualify to be a significant quality risk? Why should we define risks based on objectives – would it not be better to define objectives based on the risks?</i></p> <p><i>- Engagement quality review: What does this new concept imply in a SAI context? How may such reviews be integrated into the responsible line of management in a SAI? Does this differ from normal super-vision and quality review by the head of SAI/senior staff of SAI audit reports?</i></p> <p><i>- Quality evaluation and conclusions: How can this evaluation be carried out? How is it related to cold review? What constitutes a significant flaw in the quality management, and how should it be reflected in the report? What would be the format of such a conclusion?</i></p> <p><i>We very much value the GUID 1900 Peer review guidelines which provided the basis for a peer review of our organization in 2021. This was part of the monitoring activities in our quality management system in line with the current ISSAI 140. We would suggest that the above topics as well as, for instance, cold reviews could be covered in similar implementation guidance and attached in the same way to ISSAI 140.</i></p> <p><i>We agree that these aspects could be usefully covered in a GUID</i></p>
<p><b>SAI USA</b></p>	<p><i>GAO publishes standards, often referred to as generally accepted government auditing standards (GAGAS). Auditors and audit organizations follow our standards when required by law, regulation, agreement, contract, or policy.<sup>2</sup> We are revising GAGAS to strengthen the framework for conducting high-quality government audits through the quality management systems of audit organizations. We believe that the proposed GAGAS revision would meet the requirements proposed in International Standard of Supreme Audit Institutions (ISSAI) 140.</i></p> <p><i>No changes suggested.</i></p>
<p><b>IDI</b></p>	<p><i>We suggest including some description about the scalability of ISSAI 140 in the introductory paragraphs.</i></p> <p><i>We believe that ISSAI 140 by stressing in several places adaptability to the nature and circumstances in which a SAI operates, sufficiently stresses the scalability without explicitly naming it. An in-depth discussion of scalability would be a topic to be covered in a GUID .</i></p>
<p><b>SAI Latvia</b></p>	<p><i>ISSAI 140 provides a solid structure for audits, but it lacks an important part of the work of supreme audit institutions.</i></p> <p><i>Component acceptance, initiation, and continuance of engagements is described only from the perspective of a SAI’s ability to comply with professional standards, applicable legal and regulatory requirements, and ethical principles; to act within its legal mandate or authority; and capability, including time and resources, to do so. We in our organisation see this principle more from the point of view of strategic planning and process on how we identify or audit topics (closely connected to ISSAI P 12 requirements). We believe that this component is, in principle, different from the private sector and should be developed specifically for public sector auditing.</i></p> <p><i>The second question concerns all other products which are delivered by SAIs – like investigation reports, budget draft analysis, comments on legislation projects, etc. For the private sector there are very strict requirements on how to separate audit work from all other services, while for the public sector this is a grey zone and can significantly increase reputation risks. In our organisation we have one QMS which covers all</i></p>

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	<p>activities in our institution and has specific requirements for audits. That is a way how we manage our risks.</p> <p>We believe that ISSAI 140 is far too broad and general to be implemented without additional explanations. In our practice ISA is more effectively applicable with many supportive materials – much more detailed standards, different explanatory materials – first time adoption notes, webinars, etc. Something similar for ISSAI could be very useful.</p> <p><i>We do acknowledge that many SAIs will find supplementary material, such as a GUID, very helpful. This is not the scope of this project</i></p>
<p><b>SAI Lithuania</b></p>	<p>In principle, yes, but we would like to draw attention to the following aspect. Paragraph 5 states that “The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management when claiming compliance with the ISSAIs. ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1. The principles of the latter are adapted as necessary to apply to SAIs and the public sector context in which they work”. However, neither ISSAI 140 nor ISSAI 100 clearly states whether ISQM 1/2 is directly applied by the SAI, or whether SAI may not apply the provisions of ISQM 1/2 and in which cases and may be limited only to the provisions provided in ISSAI 140 (for example, explanations of how ISSAI 140 should be applied in the case of a financial audit are provided in ISSAI 2000 paragraph: 1-4; 8-10). In addition, it is not clear whether the ISQM 1/2 provisions/requirements not mentioned in ISSAI 140 should be directly applied by the SAI or whether they are not applicable/mandatory. To avoid confusion, it would be appropriate to define this clearly in ISSAI 140.</p> <p><i>We removed the reference to ISQM1 in paragraph 5 to avoid confusing the readers. We also note that SAIs are free to apply ISQM1 and ISQM2 directly if they wish so.</i></p>
<p><b>SAI Canada</b></p>	<p>OAG response:</p> <p>The proposed ISSAI 140 provides some structure, however, there are important missing key concepts.</p> <p><b>Ultimate responsibility and accountability for the system of quality management</b></p> <p>The requirement in paragraph 23 requires the head of the SAI to take ultimate responsibility for the system of quality management but there is no mention about ultimate accountability as in ISQM 1. On the other hand, paragraph 36 b. mentions that leadership, which would include the head of the SAI, is responsible and accountable for quality. This creates an inconsistency between the two paragraphs as it is not clear whether the head of SAI is also ultimately accountable. As part of building a strong culture around quality, someone needs to be ultimately accountable for the system. This is in line with ISQM 1’s intent to increase emphasis on leadership’s accountability. We encourage INTOSAI to consider adding in paragraph 23 that the head of the SAI is also ultimately accountable for the system of quality management.</p> <p><i>This requirement is deliberately broad to encompass different governance models that may exist</i></p> <p><b>Quality objectives should be requirements</b></p> <p>The requirements of paragraph 32 lists the components of the system of quality management that should be addressed by the quality objectives but does not list what those quality objectives should be in relation to the components. The quality objectives in the proposed ISSAI 140 are currently in the application material instead of being included as SAI-specific requirements. This does not provide a robust structure for</p>

*SAIs to develop a system of quality management given they can choose to omit quality objectives. Quality objectives form the basis for identifying and assessing quality risks and designing and implementing responses. If they are not right from the beginning, the whole system of quality management collapses. Further, if an SAI does not have clear expectations of what the system is trying to achieve, it becomes even harder to evaluate whether there are deficiencies in the system of quality management. We encourage INTOSAI to set quality objectives as requirements.*

*We have attempted to strike a balance between providing for a robust effective standard and permitting SAIs to adapt the requirements for their nature and circumstances.*

***Designing and implementing responses***

*ISQM 1 requires, at a minimum, the following specified responses in a system of quality management:*

- To establish policies or procedures addressing threats to compliance with relevant ethical requirements and breaches of the relevant ethical requirements*
- To establish a requirement to obtain confirmation of compliance with independence requirements*
- To establish policies or procedures addressing complaints and allegations*
- To establish policies or procedures addressing specific matters relating to engagement acceptance and continuance*
- To establish policies and procedures addressing communication with external parties*
- To establish policies or procedures addressing which engagements need to be subject to an engagement quality review*

*It is important to note that these specified responses are powerful as they may address multiple quality risks related to more than one quality objective across different components. The proposed ISSAI 140 does not have such requirements. Instead, the application material briefly provides examples of possible responses in four areas (relevant ethical requirements, compliance with independence requirements, complaints and allegations and engagement quality review). Proposed ISSAI 140 would benefit from including, at a minimum, the ISQM 1 specified responses as requirements.*

*We do not believe it appropriate to include this level of specificity in requirements.*

***Engagement quality review***

*One of the main objective of the new and revised quality management standards released by the IAASB is to improve the robustness of engagement quality reviews. The IAASB decided to create a separate standard for engagement quality reviews to place emphasis on the importance of engagement quality review as a response to quality risks. ISQM 1 requires the firm to establish policies and procedures that address engagement quality review. Paragraph 53 d. is the only place in the proposed ISSAI 140 addressing engagement quality reviews and this is not a requirement but an example of a possible response to quality risks. This approach appears to go against the intent of the IAASB. Reducing a 19 page standard (ISQM 2) into one sub-paragraph minimize the importance of engagement quality reviews as a contributor to*

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	<p>engagement quality. The Explanatory Memorandum states that “In our view, such details [detailed requirements of ISQM 2] should be covered in further guidance to be developed, which should be equally applicable to financial, compliance, performance audits and other assurance related engagements.” We encourage INTOSAI to develop such guidance as part of this project.</p> <p><i>Engagement quality review is an optional response, as such we do not believe it belongs in ISSAI 140. Developing guidance in this respect was not the scope of this project.</i></p> <p><b>Asserting compliance with ISQM 1 and ISSAI 140</b></p> <p>ISSAI 140 requirements alone are not sufficient to comply with ISQM 1. A SAI will be unable to assert that they comply with ISQM 1 while using ISSAIs only. We encourage INTOSAI to consider adding an explicit statement in paragraph 5 stating that SAIs wishing to assert that they comply with ISQM 1 (at the same time as complying with ISSAIs) consider the requirements of ISQM 1.</p> <p><i>We amended paragraph to avoid confusion. It is the SAI’s responsibility to ensure compliance with the standards that they cite.</i></p> <p><b>Conforming amendments to engagement level INTOSAI pronouncements related to quality management</b></p> <p>Engagement level ISAs, such as ISA 220, and ISAEs have been revised as a result of new quality management standards but we have not seen similar revisions to engagement level INTOSAI pronouncements. We encourage INTOSAI to identify conforming amendments to engagement level INTOSAI pronouncements and make revisions to ensure proper alignment with proposed ISSAI 140.</p> <p><i>The conforming amendments have been identified by the working group and are going to be dealt with by owners of individual pronouncements in the next SDP.</i></p>
<p><b>SAI Netherlands</b></p>	<p>The proposed ISSAI 140 provides SAIs with a structure to develop or adapt a quality management system. However, we do not consider this structure to be sufficient. In our opinion, certain relevant (SAI-specific) requirements and application guidance are missing or not set at the appropriate level. We also believe that the text could be clarified and sharpened in several places. Lastly, we think that SAIs will need more practical guidance to apply this new standard.</p> <p>Below we elaborate on these overarching remarks more in detail and suggest changes. Please see our detailed comments per paragraph for more information on these points and our suggestions for changes to the text in specific places.</p> <p><i>We have dealt with these comments and made adjustments where we thought feasible, please see our replies.</i></p> <p>1) Including more SAI-specific information in certain requirements and/or the application guidance</p> <p>In our opinion more SAI specific information on certain requirements and/or the application guidance is needed and should be included in the new standard, e.g. regarding:</p> <p>§ responsibilities within the SAI and their allocation. We believe this is consistent with the increased emphasis that ISQM 1 (and hence this proposed ISSAI) places on assigning responsibilities and holding those responsible accountable. This is not possible if it is not clear who is meant to assume these responsibilities in the specific context of a SAI;</p>

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*We could not be more specific as we had to cater to a wide variety of SAI situations*

*§ flexibility and scalability options for small and medium-sized SAIs. The introduction (paragraph 4) of the proposed ISSAI 140 states that the new standard allows for “appropriate flexibility”. We support this principle. However, it seems that the requirements are formulated in such a way that they leave little or no room for “scalability” and/or flexibility.*

*We attempted to provide as much flexibility as was practical in devising the requirements*

*2) Aligning the standard more closely with ISQM 1 and including elements from ISQM 1 (and/or the ISQM 1 application guidance) and the current ISSAI 140 which have been omitted but are relevant to SAIs and/or the proper set-up and functioning of a quality management system. It would have been useful if the project team had provided SAIs an overview of elements from ISQM 1 that have and have not been incorporated into the proposed standard (with a brief motivation), as well as an overview of differences and similarities between the topics covered in the exposure draft and in the current ISSAI 140. Since these two overviews are not available it was difficult and time consuming to compare the different texts during the exposure period of this standard. We have compared the texts as closely as possible.*

*After this comparison, we have come to the following conclusions: The proposed standard is not completely in line with ISQM 1 in certain paragraphs and relevant elements from ISQM 1 (and/or the ISQM application guidance) have been omitted, e.g.:*

*· the requirement to perform engagement quality reviews,*

*Engagement quality review is an optional response, as such we do not believe it belongs in ISSAI 140. Developing guidance in this respect was not the scope of this project*

*· consideration of positive outcomes (and not just deficiencies) of the monitoring process,*

*We have added this and,*

*· the objectivity of the individuals responsible for the monitoring process as well their direct line of communication with the person with ultimate responsibility for the quality management system.*

*We have added this*

*Relevant elements of the current ISSAI 140 have also been omitted e.g.:*

*· presenting engagement quality review as a crucial part of the quality management system of SAIs,*

*· mentioning independent academic review as a form of external review, and,*

*· the objectivity of the individuals responsible for the monitoring process and their direct line of communication with the person with ultimate responsibility for the quality management system.*

*We do not know why the elements mentioned above (or others, as our list may not be exhaustive) have been omitted. We propose to include*

*them in the new standard as, in our opinion, they are relevant for SAIs and/or the proper set-up and functioning of a quality management system.*

*Please see our responses to individual paragraphs*

*3) Including engagement quality reviews as a requirement and placing more emphasis, in general, on quality measures at the engagement level*  
*The proposed ISSAI 140 focuses on the design and implementation of a comprehensive quality management system. Like ISQM 1 it is a process-oriented standard, but in our opinion this focus has been carried through to such an extent that the core of SAI's work (conducting audits and other engagements) and ensuring the quality of this work has become somewhat underexposed compared to the current ISSAI 140, as well as the current and proposed ISSAI 100.*

*Element 5 on page 19 of the current ISSAI 140 states: "SAIs should ensure appropriate quality control policies and procedures are in place (such as supervision and review responsibilities and engagement quality control reviews) for all work carried out (including financial audits, performance audits, and compliance audits). SAIs should recognize the importance of engagement quality control reviews for their work and, where an engagement quality control review is carried out, matters raised should be satisfactorily resolved before a report is issued by the SAI." The current ISSAI 140 (page 6) also refers to standards and guidance on quality control at the individual engagement level.*

*In the proposed ISSAI 140, these clear obligations have been removed; they are not included in the requirements. In paragraph 53 (part of the application material) ISQM 2 is mentioned, but only once and in a footnote. Furthermore, the wording used in the proposed ISSAI 140 (e.g. "examples", "the SAI may...") suggests that these types of review are optional rather than required. This seems to suggest that the bar has been lowered compared to the current ISSAI 140, ISSAI 100 and ISQM 1. Because ISQM 1, paragraph 2 states that "engagement quality reviews form part of the firm's quality management system" and paragraph 26 and 34f state that this type of review is a required response that has to be included. ISSAI 100 paragraph 40 also states that reviews of audits should be performed: "Quality management procedures should cover matters such as the direction, review and supervision of the audit process [...]"*

*We believe engagement quality reviews are an integral part of quality management systems of SAIs and therefore propose they are included as a requirement in the new standard. We would also like to argue that some elements of ISQM 2 should be incorporated into ISSAI 140 as a requirement, most importantly ISQM 1 paragraph 18 which states: "... policies or procedures shall require that the engagement quality reviewer not be a member of the engagement team". In the application material it could be included that the review should be performed timely (as also indicated in paragraph 29 of the application material of ISQM 2).*

*ISSAI 140 is an organisational level, and not engagement level standard.*

*4) Clarifying and/or sharpening certain passages, terms and definitions*

*We believe it would be helpful if certain passages, terms and definitions were clarified and/or sharpened. We have indicated these in our*

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	<p><i>detailed comments per paragraph. In our opinion it is especially important to further clarify the definitions of Head of SAI, leadership and management, given the emphasis on responsibilities and accountability in ISQM 1 and the proposed ISSAI 140.</i></p> <p><i>We responded on individual comments on paragraphs</i></p> <p><i>5) Developing a separate GUID tailored to SAIs</i></p> <p><i>We believe that many SAIs will need more practical guidance to put the organisational requirements of this proposed ISSAI 140 into practice by the proposed effective date of 1 January 2025. We understood from the project proposal for this revision that a GUID was not developed as part of this project. In the absence of such a GUID and given the fact that the “playbook” on quality management that IDI is developing will not be available until sometime in 2024, we expect many SAIs to turn to the ISQM 1 and ISQM 2 application guidance materials in the meantime as a source of information. But this material is not completely appropriate for SAIs. Given the fact that e.g. ISQM 2 is not tailored to SAIs, this could lead to confusion and difficulties. We believe it would be helpful if a GUID, completely tailored to SAIs, were developed and included in the IFPP.</i></p> <p><i>Developing a GUID was not in the scope of this project.</i></p>
<b>SAI Botswana</b>	<p><i>ISSAI 140 provides sufficient structure for my SAI to develop a system of quality management.</i></p> <p><i>No suggestions made by comment.</i></p>
<b>SAI Costa Rica</b>	<p><i>Yes, It does. In the case of SAI Costa Rica, it also considers quality elements provided by national laws and regulations.</i></p> <p><i>No suggestions made by comment.</i></p>
<b>SAI Cyprus</b>	<p><i>Yes, the proposed structure provides sufficient structure for a SAI to develop a system of audit quality management.</i></p> <p><i>No suggestions made by comment.</i></p>
<b>SAI France</b>	<p><i>Yes, ISSAI 140 has enough content for a QMS to be set up.</i></p> <p><i>No suggestions made by comment.</i></p>
<b>SAI Finland</b>	<p><i>Yes, the proposed ISSAI 140 provides sufficient structure for us</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Ghana</b>	<p><i>Yes, it does but would be appropriate to include a documented procedure for QM. The procedure should be formalized and accessible to all staff. This will form a guide for any peer reviews of the SAI.</i></p> <p><i>Indeed, this would have to be developed by each SAI as appropriate given its nature and circumstances.</i></p>
<b>SAI Norway</b>	<p><i>The main purpose of changes to ISSAI 140 (and the changes from ISQC to ISQM) is to transform the standard from a “passive” control standard to an “active” management standard. Our understanding is that this means a change in focus from controlling to spending time and resources on operational risk management within a SAI. We would like to commend the work of the new ISSAI 140.</i></p>



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	<p>Furthermore, we have also seen that if SAIs want, they can implement the ISQM 1. The standard ISSAI 140 “serves the same purpose” as ISQM 1 and the ISSAI 140 does not limit the ISQM-1. This is special important for financial audit engagements.</p> <p>The standards have changes from “should” to “shall” requirements; we mean this is a good approach.</p> <p>Please also consider a visualisation of the Quality management in the document.</p> <p><i>A visualisation would be very useful in a GUID.</i></p>
<b>SAI Portugal</b>	<p>Yes, the Portuguese Court of Auditors considers that the ISSAI 140 framework, if well implemented, will be sufficient to develop a system of quality management. The proposed text reflects, in general, the principles and the requirements set out in the International Standard on Quality Management (ISQM) 1, our understanding and intended high-quality approach. In fact, in line with the International Standards on Quality management, the Portuguese Court of Auditors believes it is likely that better quality will be achieved when audit teams have demonstrated the following:</p> <ul style="list-style-type: none"> <li>• Appropriate values, ethics, and attitudes;</li> <li>• Governance and leadership;</li> <li>• Adequate knowledge, skills and experience and enough time and resources to perform the audit engagement;</li> <li>• Application of an audit process and control procedures for quality that comply with applicable legal and regulatory standards;</li> <li>• Elaboration of appropriate, useful, and timely reports;</li> <li>• Appropriate interaction with stakeholders in the audit process relevant.</li> </ul> <p>Finally, this standard should be read in together with relevant ethical requirements.</p> <p><i>No suggestions made by comment</i></p>
<b>SAI Qatar</b>	<p>Yes., Draft ISSAI 140 is clear, useful and accessible for SAIs that seek compliance with the ISSAIs. Thus, it fits well into the revised INTOSAI framework.</p> <p><i>No suggestions made by comment</i></p>
<b>SAI Czech Republic</b>	<p>In our opinion, the proposed ISSAI 140 provides sufficient structure for our SAI to develop a system of quality management.</p> <p><i>No suggestions made by comment</i></p>
<b>SAI Egypt</b>	<p>Yes, the proposed ISSAI 140 provides sufficient structure for the development of a quality management system.</p> <p><i>No suggestions made by comment</i></p>
<b>SAI Somalia</b>	<p>The proposed ISSAI 140 provides sufficient structure for our SAI in developing the system of quality management because it helps in using the new fundamental principles which reflects the national standard and best practice for SAIs.</p> <p><i>No suggestions made by comment</i></p>

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<b>SAI Sweden</b>	<i>The Swedish NAO finds that the proposed ISSAI 140 provides sufficient structure for SNAO to develop a system of quality management. No suggestions made by comment</i>
<b>SAI Ukraine</b>	<i>Yes, it does No suggestions made by comment</i>
<b>Respondent</b>	<b>Question 2</b>
<b>SAI Austria</b>	<i>Our comment concerns the suggested wording of the new paragraph 36 to be included in ISSAI 100, which deviates from paragraphs 35 and 37 (currently 36) of ISSAI 100: Whereas the current paragraphs 35 and 36 both state that “The existence of [...] is a prerequisite for applying national standards that are based on or consistent with the Fundamental Auditing Principles”, the wording suggested for the new paragraph 36 is slightly different: “The existence of [...] is a prerequisite for applying or developing national standards based on the Fundamental Auditing Principles.” Could you explain the reasons for the change in wording? We find it confusing to have three consecutive paragraphs of which one slightly deviates in wording although it intends to have the same meaning as the other two. We propose to amend paragraph 36 to align with paragraphs 35 and 37</i>
<b>SAI Netherlands</b>	<i>Yes, we agree with the changes in ISSAI 100. The sentence starting with “A SAI’s quality management procedures” could be worded a little more fluidly. We rephrased paragraph 40</i>
<b>SAI South Africa</b>	<i>We agree with the changes to ISSAI 100, Fundamental principles of public sector auditing, but recommend that paragraph 40 should be amended to also include the other engagements which the SAI undertakes, as included in the proposed title (see 3 under Overall Comments above). We note from experience the importance of Engagement Quality Reviews (ISQM 2) is often underestimated and should receive more emphasis than only a reference to the ISQM 2 standard. We do not believe that engagement quality reviews should be added to this paragraph.</i>
<b>SAI Denmark</b>	<i>We agree with the proposed text in in ISSAI 100 in para 36 and in ISSAI 140 para 8. We find it confusing that a SAI’s quality management is also treated in para 40. To us, it would make more sense if para 40 concerned the auditor’s obligation to manage quality in the individual audit. However, this is not the case in the proposed wording as it is mainly focused on SAI’s quality procedures and includes reference to ISSAI 140. We support the principle that a SAI should appoint a responsible auditor for each engagement, but find that this principle would be better placed together with para 36 in the section on organizational requirements. To illustrate the difference, we propose a wording for a principle on quality management at engagement level which might be further developed by the project group and included in the ‘general principles section’ of</i>

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	<p><i>ISSAI 100: The responsible auditor should manage quality throughout the audit process. The responsible auditor should manage quality by ensuring that the audit procedures meet the objectives of the audit and sufficient appropriate evidence is obtained in order to enable the auditor to draw the relevant conclusions and meet the relevant reporting responsibilities. In this way the responsible auditor ensures that audit risk is reduced to an acceptable low level before the resulting audit report is issued.</i></p> <p><i>We removed reference to ISSAI 140 from paragraph 40</i></p>
<p><b>SAI Costa Rica</b></p>	<p><i>Yes, I do. But, we are suggesting to add SAI's context and relevant stakeholders. As exemplified as follows:</i></p> <p><i>ISSAI 100 Fundamental Principles of Public-Sector Auditing provides that each SAI should establish and maintain a system of quality management to provide it with reasonable assurance that the SAI carries out all audits and other work at a consistently high level of quality and in accordance with the ISSAIs or other relevant standards and applicable legal and regulatory requirements. A SAI's system of quality management generally addresses the following interconnected components in a continual and iterative manner:</i></p> <ul style="list-style-type: none"> <li><i>• SAI's risk assessment process;</i></li> <li><i>• <u>SAI's context</u></i></li> <li><i>• Governance and leadership;</i></li> <li><i>• Relevant ethical requirements;</i></li> <li><i>• <u>Relevant stakeholders</u></i></li> <li><i>• Acceptance, initiation, and continuance of engagements;</i></li> <li><i>• Performing engagements and issuing audit reports;</i></li> <li><i>• SAI's resources;</i></li> <li><i>• Information and communication; and</i></li> <li><i>• Monitoring and remediation process.</i></li> </ul> <p><i>Context and stakeholders are not components of the SAI system of quality management</i></p>
<p><b>SAI Canada</b></p>	<p><i>While we agree with the addition of the new requirement (paragraph 36) in ISSAI 100 to establish and maintain a system of quality management, the description of the purpose of this requirement is not complete and does not align with the objective of ISQM 1, which is: ISQM 1.14. The objective of the firm is to design, implement and operate a system of quality management for audits or reviews of financial statements, or other assurance or related services engagements performed by the firm, that provides the firm with reasonable assurance that: (a) <u>The firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and (b) <u>Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.</u></u></i></p>

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	<p>We encourage INTOSAI to also consider adding the underlined elements from the above ISQM 1 objective to the purpose description in paragraph 36 given the purpose of establishing and maintaining a system of quality management is not just about providing reasonable assurance that the SAI carries out all audits at a high level of quality but also that the SAI and its personnel fulfil their responsibilities and that reports issued are appropriate in the circumstances. ISQM 1 puts the concept of responsibility and accountability of the firm and its personnel at the forefront, so should ISSAI 100.</p> <p><i>While not explicitly stated as such we believe that these concepts are covered by the language in revised paragraph 36</i></p>
<b>SAI Botswana</b>	<p>Agree with the changes in ISSAI 100</p> <p><i>No suggestions made by comment</i></p>
<b>SAI Cyprus</b>	<p>Yes, we agree.</p> <p><i>No suggestions made by comment</i></p>
<b>SAI Finland</b>	<p>Yes, we agree with the changes.</p> <p><i>No suggestions made by comment</i></p>
<b>SAI USA</b>	<p>We generally agree with changes proposed to ISSAI 100 as they are intended to conform ISSAI 100 to ISSAI 140.</p> <p><i>No suggestions made by comment</i></p>
<b>SAI Ghana</b>	<p>Yes</p> <p><i>No suggestions made by comment</i></p>
<b>IDI</b>	<p>In connection with the proposed amendments in paragraph 40 of ISSAI 100, there is also a need to revisit quality management requirements applied at the engagement level (i.e., ISSAI 200, 300, 400, 3000 and 4000) to establish distinction of quality management responsibilities at the organisational level (to be dealt with by ISSAI 140) and at the audit engagement level (to be dealt with by ISSAIs 2220, 3000 and 4000). Amendments may include updates of the wordings (from QC to QM), and distinction of quality management responsibilities at the SAI and audit team level.</p> <p><i>Agreed. This was not in the scope of this project. We prepared an overview of sections requiring amendment in other pronouncements which will be built upon by dedicated projects in the next SDP</i></p>
<b>SAI Latvia</b>	<p>Yes, we agree.</p> <p><i>No suggestions made by comment</i></p>
<b>SAI Norway</b>	<p>We support the change to include the relevant elements from ISSAI 100 into the system of quality management in ISSAI 140.</p>

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	<i>No suggestions made by comment</i>
<b>SAI Portugal</b>	<p><i>Yes, the Portuguese Court of Auditors agrees. In addition, the detailed requirements of the ISQM 2 can be covered by further guidance to be developed and shared. The Portuguese Court of Auditors would like to emphasize that, in the specific case of SAIs, selection of the work quality reviewer should include consideration of the need for independence and the ability of the work quality reviewer to provide an objective and high value assessment.</i></p> <p><i>We agree that the detailed requirements of ISQM 2 can and should be covered by further GUID</i></p>
<b>SAI Qatar</b>	<p><i>Yes. The content of ISSAI is consistent with ISSAI 100</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Czech Republic</b>	<p><i>We agree with the changes in the ISSAI 100.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Egypt</b>	<p><i>Yes, the ASA agrees with the changes in ISSAI 100</i></p> <p><i>No suggestions made by comment.</i></p>
<b>SAI Somalia</b>	<p><i>Yes we agreed upon you</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Sweden</b>	<p><i>We have looked in the draft document with date 230210 (Amendments to ISSAI 100 for FIPP) and agree with the changes.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Ukraine</b>	<p><i>Yes, we do.</i></p> <p><i>No suggestions made by comment</i></p>
<b>Respondent</b>	<b>Question 3a</b>
<b>SAI Netherlands</b>	<p><i>The proposed structure largely follows the structure of ISQM 1, but as we indicated in our more elaborate response to the first question we did find that certain elements of ISQM 1 (and/or its application guidance), and the current ISSAI 140 that, in our opinion, are also relevant to SAIs, have been omitted from the proposed ISSAI 140. This concerns e.g. the requirement to perform engagement quality reviews, consideration of positive outcomes (and not just deficiencies) of the monitoring process, the objectivity of the individuals responsible for the monitoring process as well as their direct line of communication with the person with ultimate responsibility for the quality management system. The objectivity and direct line of communication are included not only in ISQM 1 but also in the current ISSAI 140. Omitting these elements would seem to suggest a lowering of the bar in this regard. Regarding the engagement quality reviews there also seems to be a difference to what is presented</i></p>

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	<p><i>as a requirement in ISSAI 100 paragraph 40 which states: “Quality management procedures should cover matters such as the direction, review and supervision of the audit process [...]”</i></p> <p><i>Furthermore, we would like to argue that some elements of ISQM 2 should also be included in ISSAI 140 as a requirement. Most importantly ISQM-1 paragraph 18 which states: “... policies or procedures shall require that the engagement quality reviewer not be a member of the engagement team”. In the application material it could be included that this review should be performed timely (as also indicated in paragraph 29 of the application material in ISQM 2).</i></p> <p><i>See our comments in respect to question 1</i></p>
<b>SAI South Africa</b>	<p><i>It would have been preferable if the ISSAI was structured along the same format of the ISQM (see our response to Question 1 above).</i></p> <p><i>See our comments in respect to question 1</i></p>
<b>SAI USA</b>	<p><i>See our response to 3B</i></p>
<b>SAI Sweden</b>	<p><i>We agree with your approach to the structuring of ISSAI 140. However, it is possible that chapter 5 would gain from having a preamble for each element, stating why it is necessary to have the suggested routines in place. What is it they should secure? Sometimes a text that could serve as a preamble comes under application material. See § 57, a paragraph that could serve as a preamble right above the heading of chapter 5, Organizational requirement</i></p> <p><i>As you rightly noticed, paragraph 57 is an exception to our drafting approach in that it serves as bridge or link between the risk assessment and monitoring and remediation processes. It was also meant to clarify difference between the latter and evaluation.</i></p>
<b>SAI Denmark</b>	<p><i>Yes. There may be a need to explain how the components in para 8 and the organisational requirements that are outlined in the standard are linked. It is not entirely clear how they are interconnected, although we have observed some of the components in the organisational requirements. In addition, we have found a little discrepancy in the headline at para 37 (ethical requirements) compared to para 8.</i></p> <p><i>We have amended the text in ISSAI 100 to strengthen the connections</i></p> <p><i>We amended the title above para 37 to be in line with para 8.</i></p>
<b>IDI</b>	<p><i>It will be helpful to show the clear linkage (i.e., thru cross referencing) between the main organisational requirements and the specific paragraph(s) in the application material.</i></p> <p><i>We believe the length of the text does not prevent readers from understanding such links</i></p>
<b>SAI Latvia</b>	<p><i>Yes, we agree as long as our comment on Q1 is considered. Within ISSAI 140, the term requirement is used, while in §8 it is component. Keeping in mind, that ISSAI 140 merely sets general principles without any further practical explanations, we would suggest using ISA terminology here, i.e.– component.</i></p>

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	<p><i>Amendments to paragraph 9 should address this comment</i></p> <p><i>This standard introduces a new term Organisational requirement – which is not explained and is not used in other standards. This is misleading – does it mean those norms are more relevant as others in the standard? Why are norms which are not relevant included within the standard? Organisational requirement is the term used in ISSAIs since 150 and was used in ISSAI 100</i></p> <p><i>Why is there no GUID for less relevant norms?</i></p> <p><i>GUID was not part of this project</i></p>
<b>SAI Canada</b>	<i>Addressed as part of our response to Question 1</i>
<b>SAI Botswana</b>	<p><i>Yes, agree with our approach to structuring ISSAI 140.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Costa Rica</b>	<p><i>Yes, I do.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Cyprus</b>	<p><i>We agree with the proposed structure, however we would like to emphasize the importance of INTOSAI developing further guidance on the topic of engagement quality reviews, perhaps a GUID document or handbook.</i></p> <p><i>We agree that there is a need to develop a GUID on engagement quality reviews</i></p>
<b>SAI Finland</b>	<p><i>yes, we agree with the approach to structuring ISSAI 140.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Ghana</b>	<p><i>Yes</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Norway</b>	<p><i>The structure of the document through a clear distinction between "requirements" and "application material" is very good.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Portugal</b>	<p><i>Yes, the Portuguese Court of Auditors agrees.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Qatar</b>	<p><i>Yes, we do agree with the approach to structuring.</i></p> <p><i>No suggestions made by comment</i></p>

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<b>SAI Czech Republic</b>	<p><i>We agree with your approach to structuring ISSAI 140.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Egypt</b>	<p><i>Yes, the ASA agrees with the approach to structuring ISSAI 140 with the proposal that it would be divided like the Quality Control Standards into two parts by retaining the old standard and inserting the additions in the new standard and numbering it 141 to focus on quality assurance?</i></p> <p><i>The revised ISSAI 140 is intended to replace the extant standard. There are no plans for an ISSAI 141 at the moment</i></p>
<b>SAI Somalia</b>	<p><i>There are no comments on approached to this structure of ISSAI140 according to us,</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Ukraine</b>	<p><i>Yes, we do.</i></p> <p><i>No suggestions made by comment</i></p>
<b>Respondent</b>	<p><b>Question 3b</b></p>
<b>SAI USA</b>	<p><i>We believe including certain additional requirements that are in the International Standard on Quality Management (ISQM) would assist supreme audit institutions (SAI) in designing, implementing, and operating effective quality management systems to produce audits and other work with a consistent high level of quality.</i></p> <p><i>1) ISQM identifies the required quality objectives necessary for an effective system of quality management, while ISSAI 140 does not.3 ISSAI 140 paragraph 32 states that the SAI shall establish quality objectives “appropriate to its circumstances” that the system of quality management is intended to address.</i></p> <p><i>We suggest clarifying paragraph 32 to require that SAIs establish one or more quality objectives for each of the six components of the system of quality management listed in the paragraph and that the quality objectives a SAI establishes should be appropriate to its circumstances. The six components are (1) governance and leadership; (2) fulfilment of the SAI’s responsibilities in accordance with ethical requirements; (3) acceptance, initiation, and continuance of engagements; (4) performing engagements and issuing audit reports; (5) SAI resources; and (6) information and communication. These revisions would clarify the minimum requirements for quality objectives that the system of quality management is intended to address and align ISSAI 140 more closely with ISQM. Information on the six quality components is presently included as application material in ISSAI 140 paragraphs 36 through 42.</i></p> <p><i>We amended the text of paragraph 32.</i></p> <p><i>2) ISQM includes requirements for evaluating remedial actions for the monitoring and remediation process to determine whether those actions, appropriately designed to address identified deficiencies and their related root cause(s), have been implemented and are effective in addressing identified quality management deficiencies. ISQM also includes requirements for modifying the remedial actions as necessary to ensure that</i></p>



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	<p><i>they are effective.4 We suggest adding a requirement that SAIs should evaluate the remedial actions for correcting deficiencies identified in the system of quality management to determine the effectiveness of these actions. Without evaluations of such actions, SAIs are unable to assess whether the remedial actions are appropriately designed and implemented or are effective.</i></p> <p><i>We amended the text of paragraph 55.</i></p> <p><i>3) ISQM includes requirements for responding to circumstances when findings indicate that procedures were omitted during the performance of an engagement or the report issued may be inappropriate. It further requires the following:</i></p> <p><i>(a) Taking appropriate action to comply with relevant professional standards and applicable legal and regulatory requirements.</i></p> <p><i>(b) When the report is considered to be inappropriate, considering the implications and taking appropriate action, including considering whether to obtain legal advice.</i></p> <p><i>We suggest adding requirements that SAIs should respond to circumstances when quality management findings indicate that required procedures were omitted during the performance of an engagement or the report issued may not comply with professional standards and applicable laws and regulations. Without such actions, the public may rely on information that is inaccurate.</i></p> <p><i>We addressed this comment by including a new paragraph before extant paragraph 56</i></p> <p><i>4) ISQM includes requirements for establishing a period of time retaining documentation for the system of quality management that is sufficient to enable the firm to monitor the design, implementation, and operation of its system of quality management, or for a longer period if required by law or regulation. We suggest including a requirement that SAIs should establish a period of time for retaining documentation for the system of quality management that is sufficient to enable an SAI to monitor the design, implementation, and operation of the system, or as applicable to meet other needs. ISSAI 140 paragraph 69 currently does not require that an SAI establish a period of time to retain documentation for the system of quality management.</i></p> <p><i>We addressed this comment by including a new paragraph after the extant paragraph 70</i></p>
<p><b>SAI Latvia</b></p>	<p><i>No, we believe that for SAIs QMS should be developed at the highest level and include all the work of the SAI – not only audits.</i></p> <p><i>We addressed this comment in amending the text</i></p>
<p><b>SAI Lithuania</b></p>	<p><i>Paragraph 53 d. states that “the SAI establishes policies and procedures that identify if and when an engagement quality review is an appropriate response to address one or more quality risks “ and provided a footnote that “ More information can be found in ISQM 2, International Standard on Quality Management 2 Engagement Quality Reviews “.In our opinion, such provision of information/footnote creates uncertainty as to whether the related provisions specified in ISQM 2 are mandatory for SAI and it is not clear to what extent they should be applied. In our view, these requirements either should be clearly developed and presented in ISSAI 140, or a separate guideline should be developed for this purpose, but in any case, clearly noting this in ISSAI 140.</i></p> <p><i>This is a footnote to application material and therefore should not be considered as a requirement.</i></p>

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<b>SAI Somalia</b>	<i>In setting the requirements at the right level, there has been slightly changed that was made for example adding element 7 that can somehow help some SAIs might have much understand for those requirements, ISSAI 140 was aligned with ISSAI 150 which does not specify all relevant pronouncements</i>
<b>SAI Canada</b>	<i>Addressed as part of our response to Question 1</i>
<b>SAI Botswana</b>	<i>Yes, the requirements are set at the right level. No suggestions made by comment</i>
<b>SAI Costa Rica</b>	<i>Yes, you have. No suggestions made by comment</i>
<b>SAI Cyprus</b>	<i>In our view, requirements have been set at the right level. No suggestions made by comment</i>
<b>SAI Denmark</b>	<i>Yes No suggestions made by comment</i>
<b>SAI France</b>	<i>If the QMS is to be effective and have the backing of all staff, it must be an initiative by the President of the SAI. The President must give the initial impetus for the QMS and show subsequent involvement. We agree and we have amended the extant paragraph 20 to 28 give it more prominence, while keeping the text applicable to various SAI circumstances</i>
<b>SAI Finland</b>	<i>yes, the requirements are at the right level. No suggestions made by comment</i>
<b>SAI Ghana</b>	<i>Yes No suggestions made by comment</i>
<b>SAI Netherlands</b>	<i>Yes. No suggestions made by comment</i>
<b>SAI Norway</b>	<i>Yes, the requirements is at the right level, since they should apply to all types of engagements and all different SAIs. No suggestions made by comment</i>
<b>SAI Portugal</b>	<i>Yes, the Portuguese Court of Auditors considers that you have set the requirements at the right level/standard.</i>

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	<i>No suggestions made by comment</i>
<b>SAI Qatar</b>	<i>We do not have any comments on setting of requirements. No suggestions made by comment</i>
<b>SAI Czech Republic</b>	<i>In our opinion, you set the requirements at the right level. No suggestions made by comment</i>
<b>SAI Egypt</b>	<i>Yes, the requirements are set at the correct level. No suggestions made by comment</i>
<b>SAI Sweden</b>	<i>Yes, we think so. No suggestions made by comment</i>
<b>SAI Ukraine</b>	<i>Yes, the requirements are set at the right level No suggestions made by comment</i>
<b>Respondent</b>	<b>Question 3c</b>
<b>SAI Netherlands</b>	<i>Yes. In our opinion, there is one element in the application material that should be elevated to the level of requirements (see also our more elaborate response to the first question). It concerns the engagement quality reviews. We believe that engagement quality reviews are an integral part of a SAI's quality management system. But engagement quality reviews are mentioned only in the application guidance, not in the requirements of the proposed ISSAI 140. Furthermore, the wording used in the proposed ISSAI 140 ("examples", "the SAI may...") suggests that these types of review are optional rather than required. This seems to suggest that the bar has been lowered compared to the current ISSAI 140, ISSAI 100 and ISQM 1. The current ISSAI 140 requires that "policies and procedures shall include review responsibilities" and that "SAIs should recognise the importance of engagement quality control reviews for their work". ISSAI 100 (the current and proposed version) also states that reviews should be performed (ISSAI 100, paragraph 40 "Quality management procedures should cover matters such as the direction, review and supervision of the audit process [...]". ISQM 1, paragraph 2 states that "engagement quality reviews form part of the firm's quality management system" and paragraph 26 and 34f state that this type of review is a required response that has to be included. We would also like to argue that some elements of ISQM-2 should also make it to ISSAI 140 as a requirement. Most importantly ISQM-1 paragraph 18 which states: "... policies or procedures shall require that the engagement quality reviewer not be a member of the engagement team".</i>

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	<i>Engagement quality review (EQR) is an optional requirement. SAIs have to determine if and when it is applicable. In ISQM1 EQR is not a requirement across the board either. Paragraph 34f only requires EQR in certain circumstances, which may, or may not, apply to SAIs.</i>
<b>SAI USA</b>	<i>See our response to question 3B. No suggestions made by comment</i>
<b>SAI Canada</b>	<i>Addressed as part of our response to Question 1 re. Quality objectives should be requirements No suggestions made by comment</i>
<b>SAI Botswana</b>	<i>No No suggestions made by comment</i>
<b>SAI Costa Rica</b>	<i>SAI Costa Rica. It agrees with the proposal. No suggestions made by comment</i>
<b>SAI Cyprus</b>	<i>We did not identify any elements of the application material that should be included in the requirements. No suggestions made by comment</i>
<b>SAI Denmark</b>	<i>No No suggestions made by comment</i>
<b>SAI Finland</b>	<i>no, we don't see elements in the application material which should be elevated to requirements No suggestions made by comment</i>
<b>SAI Ghana</b>	<i>Yes No suggestions made by comment</i>
<b>SAI Latvia</b>	<i>No, we do not see such material as it (application material) generally, in other words explain requirements and do not contain any additional relevant information. No suggestions made by comment</i>
<b>SAI Norway</b>	<i>No. In order to sustain the flexibility of the individual SAI to adapt to its national context, there is no need for more requirements than those presented in the Exposure draft ISSAI 140. No suggestions made by comment</i>
<b>SAI Portugal</b>	<i>The Portuguese Court of Auditors thinks that elements of the application material should be kept from the level of requirements.</i>

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	<i>No suggestions made by comment</i>
<b>SAI Qatar</b>	No. <i>No suggestions made by comment</i>
<b>SAI Czech Republic</b>	<i>No, we don't see any elements of the application material that should be elevated to the level of requirements.</i> <i>No suggestions made by comment</i>
<b>SAI Egypt</b>	No. <i>No suggestions made by comment</i>
<b>SAI Somalia</b>	<i>In the element, I have seen, it added one more element which is, the documentation for the system of quality management although it was derived from ISSAI 100 and it is fitted in here when it comes things related for the quality</i> <i>No suggestions made by comment</i>
<b>SAI Sweden</b>	No. <i>No suggestions made by comment</i>
<b>SAI Ukraine</b>	<i>No, we don't.</i> <i>No suggestions made by comment</i>
<b>Respondent</b>	<b>Question 3d</b>
<b>SAI Cyprus</b>	<p><i>We noted that certain of the specified responses in ISQM1 (para. 34) have been left out of the proposed ISSAI 140, in particular, policies and procedures for:</i></p> <ul style="list-style-type: none"> <li><i>• Cases where the engagement is obligatory by law (para. 34(d)(ii) and A123 of ISQM1) – this would be a very common case in a SAI context;</i></li> </ul> <p><i>We addressed this comment</i></p> <p><i>and</i></p> <ul style="list-style-type: none"> <li><i>• Communicating with those charged with governance and providing information to external parties about the system of audit quality management. (para. 34I of ISQM 1).</i></li> </ul> <p><i>We left this point out as we don't believe this is as common for a SAI</i></p> <p><i>We are not sure if this means that such policies and procedures are not relevant to a SAI context or whether they have been left out for the sake of simplifying the standard. Also, ISQM 1 refers to "specified responses" and is more imperative in tone ("the firm shall..."), as compared to the "examples of responses [...] that the SAI may design and implement", that are given in ISSAI 140. In our view, this implies that not all responses</i></p>

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	<p>given in para. 53 of the exposure draft need to be implemented by the SAI. If this is not the case, perhaps this would need to be clarified in the standard.</p> <p><i>SAI determine which responses are necessary to address quality risks. Responses listed in paragraph are examples, so indeed not all of them need to be implemented by the SAI</i></p>
<b>SAI South Africa</b>	<p>However, the importance of the following could be highlighted to a greater extent (not necessarily elevated):</p> <ul style="list-style-type: none"> <li>• <i>Tone at the top / Governance and Leadership (note that quality objectives are not necessarily associated with Governance and Leadership as indicated in the proposed standard)</i></li> <li>• <i>Professional Scepticism and professional judgment</i></li> <li>• <i>Consultation</i></li> <li>• <i>Engagement Quality Reviews (see response to Question 2 above).</i></li> </ul> <p><i>It is not clear for us how to highlight these topics in the structure of this standard</i></p>
<b>SAI Somalia</b>	<p><i>the assessed risk related to the quality objectives and the nature and circumstances of your organization that will drive the level of detail required for the responses, for responses to quality risks sufficient for identifying responses across components is to analysis the risks, sometimes the risk might have various or fixed components. For example, the risk needs to make an assessment to identify the process to present it, or to manage or in place the procedures to minimize the damage and approach to acknowledging and addressing risk</i></p> <p><i>While we agree with these statements, we think they are supportive towards the examples we provided</i></p>
<b>SAI Denmark</b>	<p><i>Please see our reply to question 1. We propose GUID with examples of quality objectives, quality risks, the carrying out of engagements, cold reviews etc. to be very helpful.</i></p> <p><i>Noted</i></p>
<b>SAI France</b>	<p><i>The sampling method used for controls should remain unchanged.</i></p> <p><i>We believe this is meant as a reply to question 4, if so, the criteria for selection engagements for review should be determined by the SAI itself.</i></p>
<b>SAI Latvia</b>	<p><i>As those examples are merely named and not further elaborated, we believe that their applications across ISSAI users' will be very diverse.</i></p> <p><i>This is the intended effect</i></p>
<b>SAI Canada</b>	<p><i>Addressed as part of our response to Question 1 re. Designing and implementing responses</i></p>
<b>SAI Botswana</b>	<p><i>Yes</i></p> <p><i>No suggestions made by comment</i></p>

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<b>SAI Costa Rica</b>	<i>SAI Costa Rica proposes some changes in this section, based on ISO 31000:2018. It is suggested to see the “Comments” document Please see our replies in the ‘Comments’ document</i>
<b>SAI Finland</b>	<i>yes, we find the examples sufficient. No suggestions made by comment</i>
<b>SAI Ghana</b>	<i>Yes No suggestions made by comment</i>
<b>SAI Netherlands</b>	<i>Yes. A GUID (see our response to questions 1 and 3a) could also consider risks and responses that are not covered in this revised ISSA, but could be relevant to SAIs (e.g. risks and responses associated with the outsourcing of audit work). We agree this could be usefully addressed in a GUID.</i>
<b>SAI Norway</b>	<i>We find examples useful for illustration purposes. No suggestions made by comment</i>
<b>SAI Portugal</b>	<i>The Portuguese Court of Auditors thinks that examples for responses to quality risks are sufficient for identifying responses across components. The information in ISSAI does not have to be exhaustive. No suggestions made by comment</i>
<b>SAI Qatar</b>	<i>Examples for responses to quality risks included in the draft are sufficient for identifying responses across components No suggestions made by comment</i>
<b>SAI Czech Republic</b>	<i>We find the examples for responses to quality risks sufficient for identifying responses across components. No suggestions made by comment</i>
<b>SAI Egypt</b>	<i>Yes, enough. No suggestions made by comment</i>
<b>SAI Sweden</b>	<i>Yes, we assess that the examples are sufficient. Under the element concerning communication, the examples are possibly on a somewhat metalevel. They might gain from becoming a bit more precise. Or, maybe a preamble would solve that? We rephrased the text</i>
<b>SAI Ukraine</b>	<i>Yes, we do. No suggestions made by comment</i>

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Respondent	Question 4
SAI Botswana	<p><i>No , review of completed engagements should be based on established criteria for selecting engagement for review because it will focus on priority areas.</i></p> <p><i>Agreed. We suggest to remove the review of completed engagements from requirements.</i></p>
SAI USA	<p><i>We suggest allowing each SAI to determine whether reviews of completed engagements should be part of its monitoring process. We believe an SAI should establish a process for monitoring the design, implementation, and operation of its system of quality management to provide a basis for identifying deficiencies and remediating them on a timely basis. An SAI’s review of completed engagements may determine if responses to address quality risks at the engagement level have been implemented as designed and are operating effectively. However, an SAI may perform other procedures to accomplish this objective.</i></p> <p><i>Agreed. We suggest to remove the review of completed engagements from requirements.</i></p>
SAI Lithuania	<p><i>In our opinion, ISSAI 140 should define all requirements that must be applied by SAI, and which should be presented in maximum detail, clearly and understandably to all, thus leaving no doubt on the application of ISQM ½ provisions and their scope. In other words, ISSAI 140 should provide all applicable and necessary information and that there would be no additional need to refer to ISQM. It would be useful to apply it to all provisions of ISSAI 140, not only for the review of completed engagements. In accordance with Paragraph 56, the process of monitoring the quality management system and remedying identified deficiencies, shall include reviews of completed engagements based on established criteria for selecting engagements for review. In accordance with Paragraph 65, the evaluation of effectiveness of the system of quality management shall cover a defined period and be performed at least annually. It is not clear whether, according to these provisions, in order to evaluate the effectiveness of the quality management system, the completed engagement, as one of the elements of the system evaluation, should be reviewed/evaluated every year or still depending on the risks it can be reviewed less frequently? In our view, the provisions should be specified and presented more clearly in this respect. It would also be appropriate to clarify and provide a provision as to whether the completed engagement must be evaluated in its entirety, or whether it may not be evaluated in its entirety, but only in some elements, for example, only certain significant elements?</i></p> <p><i>The SAI would determine the number, frequency and extent of monitoring procedures the results of which can inform the evaluation.</i></p>
SAI Ghana	<p><i>Not fully. If QM is institutionalized and properly carried out, annual reviews might not be necessary but could be done on a when basis.</i></p> <p><i>We understand this is meant as reply to question 5</i></p>
SAI Canada	<p><i>Yes, we agree that review of completed engagements should continue to be a requirement for SAIs.</i></p> <p><i>However, ISSAI 140 par. 56 and 58 c. only requires establishing criteria for the selection of engagements and does not require establishing</i></p>



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	<p><i>criteria for the selection of engagement partners while ISQM 1.38 requires to select a combination of engagements and engagement partners. Engagement partners are responsible to manage and achieve quality on the engagement they are assigned to. If the inspection of completed engagements is only focused on selecting engagements, there is a risk that some engagement partners will never be subject to inspection, thus never be held accountable for their responsibility towards quality on their engagements. We encourage INTOSAI to require that criteria be established not only for selecting engagements but also for selecting engagement partners for the purpose of completed file inspections. Selecting a combination of both engagements and engagement partners would help embed quality even more into corporate culture which is the intent of the new quality management standards.</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Costa Rica</b>	<p><i>Yes, I do. At SAI Costa Rica, we have a review that we carry out with the same periodicity, on a sample of completed engagements, statistically selected to verify compliance with quality attributes.</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Cyprus</b>	<p><i>Yes, we agree.</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Denmark</b>	<p><i>We agree that the review of completed engagements should continue to be included in ISSAI 140. We put great emphasis on how the review can stimulate continuous learning in the organisation.</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI France</b>	<p><i>Yes</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Finland</b>	<p><i>Yes, we agree.</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Latvia</b>	<p><i>Yes, we believe that the review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1.</i></p>

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	<i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i>
<b>SAI Netherlands</b>	<p><i>Yes. In our opinion, cold reviews of completed engagements have added value that complements the hot quality reviews performed during the audit process. Reviews of completed engagements can give valuable information on the adequacy of the design and implementation of elements of the quality management system as well as the operation of these elements in practice. Furthermore, this type of review can provide information on positive outcomes i.e. things that went well. In our opinion, positive outcomes can also help to improve and or further enhance the quality management system. See also our detailed comments per paragraph and our response to question 1.</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Norway</b>	<i>Yes, we believe that a review process of completed work is necessary to be able to identify possible deficiencies and implement relevant actions. We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i>
<b>SAI Portugal</b>	<p><i>Yes, the Portuguese Court of Auditors agrees.</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Qatar</b>	<p><i>Yes, we do agree that review of completed engagements should continue to be a requirement for SAIs</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Czech Republic</b>	<p><i>We agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1.</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Egypt</b>	<p><i>Yes, the ASA agrees on that.</i></p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Somalia</b>	<i>We propose the completed engagements review should continue to be requirement for SAI's in case of a rise some challenges that needs to be changed in accordance with ISQM1</i>

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	<i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i>
<b>SAI South Africa</b>	<p>While it is important to select completed engagements for reviews, more firms are also performing ‘in-flight’ reviews, which refers to reviews which are performed while the audit is in progress (considering independence requirements). This is to promote the development of timeous responses to identified deficiencies.</p> <p>The change from ‘across the range of work carried out by the SAI’ to ‘established criteria for selecting engagements for review’ should not diminish the importance of selecting engagements across the range of engagements performed by the SAI, and it is recommended that ISSAI 140 provides guidance and examples of criteria for selecting engagements for review, which should be linked back to risk</p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances.</i></p> <p><i>Indeed, it will be useful for a GUID to provide guidance and examples of criteria for selecting engagements for review.</i></p>
<b>SAI Sweden</b>	<p>Yes, we agree that review of completed engagements should continue to be a requirement. It gives an idea of level of quality. The challenge is possibly that the comments or actions taken will be directed solely towards a specific auditor, rather than towards the quality management system.</p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>SAI Ukraine</b>	<p>Yes, we do.</p> <p><i>We believe that providing the SAIs with more flexibility in determining the number, frequency and extent of monitoring procedures, the results of which can inform the evaluation, will result is the SAIs choosing an approach that is best suited to their circumstances</i></p>
<b>Respondent</b>	<b>Question 5</b>
<b>SAI Ghana</b>	<p>No. It is expected that the QM in the SAI will be developed at some point without needing an annual review. It could be reviewed when changes occur or the realignment of functions.</p> <p><i>We believe that SAIs should not be held to a lower standard than private firms.</i></p>
<b>SAI Austria</b>	<p>As indicated in our comment on paragraph 65, it should be considered that an obligatory annual evaluation might overstretch certain SAIs’ capabilities. The evaluation circle should therefore be defined by each SAI based on its mandate, specific needs, organization, regulatory framework etc. – also in accordance with paragraph 4: “with due consideration of a SAI’s mandate, national legislation, structure, size and the types of audit it performs”.</p>

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	<p><i>As also suggested in our comment on paragraph 65, it might be useful to evaluate the whole system of quality management one year after its implementation to ascertain that all relevant matters have been considered. Later on, it might be enough to evaluate single risks and corresponding preventive remediation measures on a regular and ad hoc basis if risks have emerged.</i></p> <p><i>We believe that SAIs should not be held to a lower standard than private firms.</i></p>
<b>SAI Netherlands</b>	<p><i>We support the thinking behind the requirement to evaluate the quality management system and we know that this requirement is derived directly from ISQM 1. But in our opinion, this requirement may be too onerous for small and medium-sized SAIs. Are small and medium-sized SAIs able to evaluate and conclude on the entire quality management system and does annual evaluation have added value? Paragraph 66 allows for some scalability, but is that sufficient? We would also like to point out that this requirement could amount to a performance audit of the most difficult kind, where a causal relation has to be established between output (i.e. the performance of the system) and outcome (in this case: “the extent to which its [quality] objectives are being achieved). Furthermore, in our experience it often takes longer than 1 year to remedy deficiencies in the design and operation of a quality management system. An annual evaluation would find little change. Lastly, many SAIs will also periodically ask peers to perform a peer review and the quality management system is a recurring topic in many peer reviews. In combination with an annual evaluation of the quality management system by the SAI itself, this could lead to “evaluation overload” at some SAIs. We would therefore like to suggest to change “annual evaluation” into “periodic evaluation” so that SAIs can decide on the frequency that suits them best.</i></p> <p><i>We believe that SAIs should not be held to a lower standard than private firms.</i></p>
<b>SAI Ukraine</b>	<p><i>No, we don’t. We believe this would be a violation of the principle of independence of the SAI.</i></p> <p><i>A requirement in a standard should not be perceived as an attack on the SAI’s independence</i></p> <p><i>We suggest replacing “on an annual basis” with “regularly, with a period determined by the SAI”.</i></p> <p><i>We believe that SAIs should not be held to a lower standard than private firms.</i></p>
<b>SAI Egypt</b>	<ul style="list-style-type: none"> <li>• <i>The ASA does not agree to the requirement that the quality management system be evaluated on an annual basis, but it proposes that the quality management system would be evaluated periodically every 3-5 years according to the organization’s vision.</i></li> <li>• <i>The changes in the quality management systems become fewer from year to year.</i></li> </ul> <p><i>We believe that SAIs should not be held to a lower standard than private firms.</i></p>
<b>SAI Norway</b>	<p><i>We greatly appreciate the work that has gone into formulating this standard and agree that the evaluation of the quality management system is a critical part of ensuring that the system’s objectives are met. We fully support the concept of regular evaluation.</i></p> <p><i>However, we would suggest an adjustment to the frequency of the evaluation as stated in the text. Instead of requiring an annual evaluation, we believe it would be more appropriate to conduct evaluations at regular intervals, at least every third year. Not only would this help to lessen</i></p>

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	<p><i>the administrative burden for those responsible, but it would also provide a longer period to evaluate the effectiveness of any measures or changes that have been implemented in the system.</i></p> <p><i>We believe that SAIs should not be held to a lower standard than private firms.</i></p> <p><i>Furthermore, we believe that it could be helpful to clarify what an “evaluation” of the system entails. We propose that there should be an option for a more cursory review of the system, as opposed to a full-scale evaluation, depending on the complexity and stability of the system</i></p>
<b>SAI Qatar</b>	<p><i>Periodic performance evaluations promote accountability. However, more flexibility may be given to SAI in determining the periodicity to evaluate the system of quality management (say one in three years) considering the different environment/ resource level at which SAIs are operating.</i></p> <p><i>We believe that SAIs should not be held to a lower standard than private firms.</i></p>
<b>SAI Somalia</b>	<p><i>It is fine to take the requirement to evaluate the system of quality management on an annual basis if it is effectively done</i></p> <p><i>The International Standard on Quality Management (ISQM) deals with an organization or firm’s responsibilities to design, implement and operate a system of quality management for audits or reviews of financial statements, or other assurance or related services engagements. As to Engagement quality reviews,) ISQM 2 deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review Include requirements for engagement partners and other engagement team members regarding quality management at the engagement level. But we would suggest to include those were not in, because it may facilitate the reader and the SAI’s itself and can help it a lot in applying</i></p> <p><i>We believe that SAIs should not be held to a lower standard than private firms.</i></p>
<b>SAI Latvia</b>	<p><i>Yes, we agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1, meanwhile we understand that for especially small SAIs this could be too complex. We could propose, for frequency, to use the form of a recommendation.</i></p> <p><i>We believe that SAIs should not be held to a lower standard than private firms.</i></p>
<b>SAI Botswana</b>	<p><i>Yes ,Agreed.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Costa Rica</b>	<p><i>Yes, I do. At SAI Costa Rica, we have a review that we carry out with the same periodicity.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Cyprus</b>	<p><i>Yes, we agree.</i></p> <p><i>No suggestions made by comment</i></p>

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<p><b>SAI Denmark</b></p>	<p><i>We support the current wording of the draft. We would not support a requirement to provide a formalized conclusion in the format of a declaration or opinion on the effectiveness of the quality system. It would formalize the quality management process to a degree where it would be difficult to address quality issues and stimulate continuous learning in the organization.</i></p> <p><i>Having analysed comments from various stakeholders, we realise that not everybody understands what the conclusion on the effectiveness of the system of quality management entails. We have therefore added a new paragraph 69 presenting the three options for the conclusion. We believe that has added clarity, rather than making it more formalised. The key is the basis on which such a conclusion is made and the SAIs need to have a good understanding and organise themselves accordingly.</i></p>
<p><b>SAI France</b></p>	<p>Yes</p> <p><i>Or a peer review “cross audit” every three years.</i></p> <p><i>We prefer to remain with the current requirement</i></p>
<p><b>SAI Finland</b></p>	<p>Yes, we agree.</p> <p><i>No suggestions made by comment</i></p>
<p><b>SAI USA</b></p>	<p><i>We agree with the requirement to evaluate the system of quality management annually consistent with ISQM 1.7 We believe that an annual review is necessary to evaluate the effectiveness of the quality management system. The results of the evaluation can help determine if an SAI needs to make changes to maintain the effectiveness of its system of quality management and assist the SAI’s leadership in fulfilling its responsibility for the system.</i></p> <p><i>No suggestions made by comment</i></p>
<p><b>SAI Canada</b></p>	<p><i>Yes, we agree with the requirement to evaluate the system of quality management on an annual basis.</i></p> <p><i>On another note, paragraph 65 states:</i></p> <p><i>“The person or persons assigned responsibility and accountability for the system of quality management shall evaluate the system and conclude on the extent to which its objectives are being achieved.”</i></p> <p><i>It is not clear who is responsible for the evaluation, i.e. the person referred to in paragraph 23 or the person(s) referred to in paragraph 28. In our view, it should be the person referred to in paragraph 23, the person who has ultimate responsibility. If the intention is for paragraph 65 to refer to the person(s) in paragraph 28, given paragraph 28 is not a requirement, there is a possibility that nobody would be assigned those responsibilities, in which case, nobody would be responsible for the evaluation.</i></p> <p><i>ISQM 1 makes it clear that the individual(s) assigned ultimate responsibility and accountability for the system of quality management is responsible to evaluate the system. The use of the word “ultimate” makes clear who we are referring to.</i></p> <p><i>We encourage INTOSAI to clarify that the person assigned ultimate responsibility and accountability is the person responsible for the evaluation.</i></p>

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	<i>We rephrased the text for more clarity</i>
<b>SAI Portugal</b>	<i>Yes, the Portuguese Court of Auditors agrees. No suggestions made by comment</i>
<b>SAI Czech Republic</b>	<i>We agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1. No suggestions made by comment</i>
<b>SAI South Africa</b>	<i>We agree to evaluate the SOQM on an annual basis, but nothing should prevent the SAI from performing an evaluation should the need arise (for example, when there has been extreme reputational damage to the SAI which resulted from poor audit quality) Agreed</i>
<b>SAI Sweden</b>	<i>Yes, we agree. No suggestions made by comment</i>
<b>Respondent</b>	<b>Question 6a</b>
<b>SAI Netherlands</b>	<p><i>No, we do not entirely agree with your approach regarding the Definitions section. We propose to:</i></p> <ul style="list-style-type: none"> <li><i>- <u>expand the definition of Head of SAI and include a definition of the term leadership.</u></i></li> </ul> <p><i>The definition Head of SAI uses the wording “who lead or manage the institution”. This wording suggests that leadership and management of the institution are two separate activities, which are executed by different persons. But it is not clear who exactly are meant. Does “leader” refer to the Auditor General/Board or to the highest ranking executive officer within the SAI? Furthermore, the word “leadership” is used in several places throughout the text (e.g. paragraphs 31, 36b, 36c 46c), but it is not always clear to whom this term refers. We think it would help SAIs if it were made clear who exactly is meant by Head of SAI, leadership and management. We believe this is in the spirit of ISQM 1, which does indicate (in paragraph 20a) who is meant by the person with ultimate responsibility and accountability for the firm’s quality management system (which is the firm’s chief executive officer or the firm’s managing partner or equivalent). We believe that explaining who is meant is also consistent with the increased emphasis that ISMQ 1 (and hence this proposed ISSAI) places on assigning responsibilities and holding those responsible accountable. This is not possible if it is not clear who is meant to assume these responsibilities in the specific context of a SAI.</i></p> <p><i>The forms of leadership may vary in accordance with the structure of individual SAIs. As such, a definition may cause more confusion than clarity. We included a paragraph before the extant paragraph 37 to provide additional insight on leadership</i></p> <p><i>The flexibility in the definition of the Head of SAI is necessary given differing structures in the SAI community</i></p> <ul style="list-style-type: none"> <li><i>- <u>include a definition of reasonable assurance.</u></i></li> </ul>

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	<p><i>The project team decided not to include a definition of the term reasonable assurance because it is defined in ISSAI 100. But no footnote or reference to ISSAI 100 is made in the text. We think it might be helpful to include a definition of this term in the Definitions section in light of the importance given to reasonable assurance (in both paragraph 2 and 8), and the stand-alone readability and usability of ISSAI 140. For comparison, references to other standards in the IFPP are included in the exposure draft with regard to such terms as independence and ethical requirements.</i></p> <p><i>We have included a footnote to the specific paragraph in ISSAI 100 dealing with forms of assurance</i>  <i>- <u>include a definition of professional standards.</u></i></p> <p><i>The project team has decided not to include a definition of the term professional standards, as it is assumed to be self-explanatory. However, the ISQM 1 does contain a definition of this term. Considering that the term is used 6 times in the text, is referred to in the definition of the core concept “quality” and confusion may arise with the standards that are part of the IFPP, we propose including a definition of professional standards.</i></p> <p><i>We clarified and modified the use of the term professional standards</i>  <i>- <u>to clarify or remove part of the definition of engagement quality reviewer</u></i></p> <p><i>The definition of engagement quality reviewer on page 8 states that this reviewer can be either internal or external. In our experience engagement quality reviews are carried out by persons outside the audit team but within the SAI before publication of the audit report. Given the confidential nature of certain information SAIs work with and the requirements these reviewers should meet, we doubt whether it is really an option to outsource this type of review to a person outside the SAI.</i></p> <p><i>We are proposing to take out definitions of engagement quality review and engagement quality reviewer as it added unnecessary confusion and complexity for an optional response.</i></p> <p><i>Please also see our detailed comments per paragraph.</i></p>
<p><b>SAI South Africa</b></p>	<p><i>Concepts such as professional scepticism, professional judgment, ethics and independence are particularly important in the context of audit quality, and we recommend that these definitions are included even though they might appear in other standards.</i></p> <p><i>We concur that these are critical concepts but we do believe that it is not appropriate to reproduce them in this standard</i></p>
<p><b>SAI Botswana</b></p>	<p><i>Yes, but for Independence, even though it is covered in the INTOSAI-P 10 Mexico Declaration on SAI Independence; the declaration can be referenced on paragraph 25 of ISSAI 140, to guide users.</i></p> <p><i>We are now covering independence in the rephrased paragraph 25</i></p>
<p><b>SAI Costa Rica</b></p>	<p><i>Yes, I do.</i></p> <p><i>No suggestions made by comment</i></p>



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<b>SAI Cyprus</b>	<i>In general, we agree with the approach taken on the definitions. Please see our comment on question 6b below. No suggestions made by comment</i>
<b>SAI France</b>	<i>Yes No suggestions made by comment</i>
<b>SAI Finland</b>	<i>Yes, we agree with the approach. No suggestions made by comment</i>
<b>SAI Ghana</b>	<i>Yes No suggestions made by comment</i>
<b>SAI Canada</b>	<i>Yes, we agree with your approach to the definitions. No suggestions made by comment</i>
<b>SAI Norway</b>	<i>We believe that it is a good move to change the focus from "Quality control" to "Quality management". This is more in line with our understanding of how quality is created and maintained – and it provides a basis for a clear recognition that quality is the result of staff competencies and effort, and not primarily management control. No suggestions made by comment</i>
<b>SAI Portugal</b>	<i>Yes, the Portuguese Court of Auditors agrees with your approach. No suggestions made by comment</i>
<b>SAI Qatar</b>	<i>Yes, we do agree with the approach and We do not have any suggestion on proposed definitions of Culture and Quality No suggestions made by comment</i>
<b>SAI Czech Republic</b>	<i>We agree with your approach No suggestions made by comment.</i>
<b>SAI Egypt</b>	<i>Yes, the ASA agrees with your approach No suggestions made by comment</i>
<b>SAI Somalia</b>	<i>We agreed upon this suggestion, this standard of ISSAI 140 will be effective after one year and the revised period should be three years after endorsement and I believe that SAIs will need time to consider the ISSAI 140 requirements See question 7 below</i>

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SAI Sweden	Yes. <i>No suggestions made by comment</i>
SAI Ukraine	Yes, we do. <i>No suggestions made by comment</i>
<b>Respondent</b>	<b>Question 6b</b>
SAI Cyprus	<p><i>Given the structure of certain SAIs, it might be useful if the standard included the definition of an Engagement Partner in a SAI context, with clarifications or guidelines in determining who this is in a SAI (e.g. Directors, the Auditor General, other?). For example, if a SAI following the Anglo-Saxon model considers the Auditor General to be the Engagement Partner in the sense of ISQM 1, since the ultimate responsibility of the audit report lies on the SAI Head, who sometimes even signs the audit report, then this would probably have implications in appointing an engagement quality reviewer within the SAI that is truly independent, as described in ISQM 2. We believe that if the standard remains silent on this issue, it might cause some confusion in certain cases.</i></p> <p><i>If INTOSAI finds that the term is not relevant (the engagement quality reviewer, after all, needs to be “independent from the engagement team”, with no mention to the Engagement Partner in the standards), then could this be clarified in ISSAI 140?</i></p> <p><i>We believe this is a term which is practically impossible to define in the INTOSAI community given the number of different governance models</i></p>
SAI Netherlands	<p><i>We suggest a rethink of the last part of the definition of the term quality, regarding satisfying stakeholders’ needs. Quality is defined in paragraph 18 as: “The extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders’ needs”. Given that ISQM 1 does not include a definition of quality, we assume the project team has made up this definition. Naturally, SAIs should reach out to stakeholders and be aware of their needs and expectations But we have doubts about including stakeholder satisfaction in the definition of quality. The reasons behind these doubts are:</i></p> <p><i>(1) SAIs have a large number of stakeholder groups, which all have their needs and expectations regarding the work performed and the reports issued by the SAI. These needs and expectations can be conflicting, which is also acknowledged in the literature on SAIs. Therefore satisfying all stakeholder needs (and at the same time) does not seem to be a feasible goal for a SAI;</i></p> <p><i>(2) In addition it may be asked whether SAIs can and should strive to satisfy all stakeholders’ needs given that in many cases they provide an involuntary service/product (rather than a requested or desired service/product) to certain stakeholders, especially to auditees. An audit report can be of high technical quality (well written, substantiated and so on) and of strategic quality (i.e. concern a relevant subject and be issued on a timely basis), but that does not alter the fact that an audit report might not be well received by auditees because it reveals deficiencies and brings problem areas to light and/or raises questions from Parliament to the responsible minister, and that auditees are therefore not satisfied with it;</i></p>

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	<p><i>(3) A SAI's audits could lead to conclusions and recommendations that do not meet the expectations and needs of specific stakeholders (e.g. interests groups).</i></p> <p><i>We did adjust that part of the definition</i></p>
<b>SAI South Africa</b>	<p><i>ISQM does not have a definition for 'quality' or 'audit quality', and there is a risk that the definition in the ISSAI might be incomplete. For example, it might need to include a reference to ethics as requirements in standards and legislation might have been complied with, but an audit failure might still occur due to a lack of independence. While 'professional standards' may include a code of ethics, it might be useful to specify a code of ethics in addition to the auditing standards or the fact that ISSAI includes the Code of Ethics.</i></p> <p><i>We understand your concern, however, in our view, by using the term 'other relevant standards' we have encompassed the Code of Ethics, as well other key concepts and pronouncements</i></p>
<b>SAI USA</b>	<p><i>We believe that the proposed definition of culture is clear within the context of the exposure draft. However, in our view the definition of quality (i.e., "the extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders' needs") should omit "and satisfy stakeholders' needs" to avoid confusion about stakeholder roles and the potential for threats to the SAI's independence. We also believe that ISSAI 140 paragraph 40f (i.e., "audit reports are appropriate and satisfy stakeholders' needs") should also omit "and satisfy stakeholders' needs" for this reason.</i></p> <p><i>We did adjust that part of the definition</i></p>
<b>SAI Ukraine</b>	<p><i>Yes, we have a comment on the definition of Engagement.</i></p> <p><i>Considering that the quality management system should be comprehensive, we suggest replacing "within the scope of the ISSAIs" in the definition with "within the SAI's legal mandate"</i></p> <p><i>We have amended this definition to make it more comprehensive</i></p>
<b>SAI Lithuania</b>	<p><i>The definition of "Engagement quality review" (paragraph 13) states that it is an objective assessment of the significant judgment made by the engagement team and is completed by the date of the audit report. In our view, it would be appropriate to specify the definition by stating that it is a review of an ongoing task. Also, since it is indicated that the assessment is performed only for "significant judgments", it would be appropriate to clearly specify that the purpose of this assessment is not to evaluate the entire engagement(s), but only significant ones (for example ISQM 2 - paragraph 8: Engagement quality review is not intended to be an evaluation of whether the entire engagement complies with professional standards and applicable legal and regulatory requirements, or with the firm's policies or procedures.). Paragraph 40 g. states "engagement documentation is assembled on a timely basis after the date of the audit report and is appropriately maintained and retained to meet the needs of the SAI and to comply with law, regulation, relevant ethical requirements, and professional standards ". In our opinion, in the</i></p>

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	<p><i>ISSAI 140, it would be useful/necessary to provide provisions on regulating the completion of the final audit file (for example ISQM 1 - A83) and the retention and maintenance of engagement documentation (for example ISQM 1 - A84).</i></p> <p><i>We are proposing to take out definitions of engagement quality review and engagement quality reviewer as it added unnecessary confusion and complexity for an optional response.</i></p> <p><i>We added additional paragraphs under organisational requirement 7</i></p>
<b>SAI Norway</b>	<p><i>We appreciate the efforts made to elaborate on key concepts, such as ‘culture’ and ‘quality’. We have a few comments to the definitions presented in the new ISSAI 140, that you may want to consider:</i></p> <p><i>Culture is defined as «operating environment encompassing behavioural norms and shared ethics, vision, mission, beliefs and core values, goals, attitudes, competencies, procedures, policies and practices, and communication that characterise a SAI and how it operates. » We perceive that this definition captures many important aspects of an organization's culture and control environment. Our feedback is that these cultural elements, overall, have been given too little and weak space in quality management system.</i></p> <p><i>Lacking specific suggestions we are unsure how to incorporate this further</i></p> <p><i>Quality is defined as «the extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders’ needs». In our opinion, the concept of quality should be clearly anchored in INTOSAI-P 12, Principle 11: Striving for service excellence and quality. In our opinion, the proposed definition emphasises compliance and stakeholder needs, while key professional and analytical elements/ processes are not given the necessary attention</i></p> <p><i>We modified the definition of quality taking into account the principles in P12</i></p>
<b>SAI Poland</b>	<p><i>(1) The notion defined here is ‘organizational culture’ rather than ‘culture’ (which is much broader).</i></p> <p><i>(2) The list of terms as it is now actually means everything in an organisation which characterises a SAI. It would be more useful if it pointed out at the essence of ‘organizational culture’, so that the reader could understand the special meaning of quality management. First of all, organizational culture provides (or does not) ‘a consistency in outlook and values’ crucial for ‘processes of decision making, co-ordination and control’ [e.g. Gorman, 1987]</i></p> <p><i>We added organisational</i></p>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li><i>• Culture – operational environment, covering (...). Explain if this is a definition, as the correct punctuation would be a full stop and a hyphen (. - ).</i></li> </ul> <p><i>We are consistently using Oxford style across the text Insert the word “Organisational” after “culture”.</i></p> <p><i>Done</i></p> <p><i>Proposed text: “18) Quality. - The extent to which the work carried out and the reports issued by the SAI comply with the applicable professional standards and legal and regulatory requirements; and satisfy the needs of interested parties.”</i></p>

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	<i>We modified the definition of quality</i>
<b>SAI Costa Rica</b>	<p><i>Yes, I do. In the proposed definition of "Culture" we are suggesting the following: add what is related to "psychological" and "Processes", based on ISO definition.</i></p> <p><i>Culture – operating <b>psychological</b> environment encompassing behavioural norms and shared ethics, vision, mission, beliefs and core values, goals, attitudes, competencies, procedures, <b>processes</b>, policies and practices, and communication, that characterise a SAI and how it operates.</i></p> <p><i>We believe ‘psychological’ is covered by ‘encompassing behavioural norms and shared ethics’, and ‘processes’ are covered in ‘procedures, policies and practices’.</i></p>
<b>SAI Ghana</b>	<p><i>No</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Canada</b>	<p><i>See the Annex for comments related to specific definitions.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Portugal</b>	<p><i>The Portuguese Court of Auditors has no comments and thus agrees.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Qatar</b>	<p><i>Yes, we do agree with the approach and We do not have any suggestion on proposed definitions of Culture and Quality</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Czech Republic</b>	<p><i>We don't have any comments/suggestions on the definitions including the new proposed definitions of Culture and Quality.</i></p> <p><i>No suggestions made by comment</i></p>
<b>SAI Egypt</b>	<p><i>The ASA has no comments with regard to the current definitions, however, we propose adding new definitions.</i></p> <p><i>As mentioned in our analysis of comments to the text, in respect of your suggestions:</i></p> <ul style="list-style-type: none"> <li><i>- Governance – in our view, the variation between SAIs makes it impracticable to come up with a definition</i></li> <li><i>- Documentation of Liaison Work – such term does not appear in ISSAI 140</i></li> <li><i>- Examination of Completed Tasks (review of completed engagements) – In our view, this concept does not merit elevation to the section on definitions.</i></li> </ul>
<b>SAI Somalia</b>	<p><i>In Culture and Quality? This is an atmosphere where team members unaffectedly care about the quality of their work, and make decisions based on accomplishing that level of quality and the SAIs normally they do this culture in order to get or have productivity quality and that may create to work the SAI in good environment so I do not have a different definition from the updated one</i></p>

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	<i>No suggestions made by comment</i>
<b>SAI Sweden</b>	No. <i>No suggestions made by comment</i>
<b>Respondent</b>	<b>Question 7</b>
<b>SAI Netherlands</b>	<i>The proposed effective date of 1 January 2025 may be challenging for some SAIs, given that a number of organisational requirements are potentially onerous for small and medium-sized SAIs, and practical application guidelines specific to SAIs in the form of a GUID are not yet available.</i> <i>Agreed, we propose to make it two years from approval while encouraging early adoption</i>
<b>SAI USA</b>	<i>It is proposed that the ISSAI 140 take effect 1 year after the International Organization of Supreme Audit Institutions’ Governing Board endorsement with a January 2025 estimated effective date. A January 2025 effective date may not allow SAIs sufficient time to implement ISSAI 140. We suggest that ISSAI 140 be effective December 2025 to allow SAIs additional time to plan, design, and implement a quality management system that meets the requirements of ISSAI 140.</i> <i>Agreed, we propose to make it two years from approval while encouraging early adoption</i>
<b>SAI South Africa</b>	<i>It is not ideal that the ISSAI has an effective date which does not coincide with the effective date of the ISQM, so including the option for early adoption is supported.</i> <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Latvia</b>	<i>We believe that the date when new the ISSAI will take effect can only be set when all other materials which can support SAIs in implementation will be published.</i> <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Botswana</b>	Yes ,Agreed. <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Costa Rica</b>	Yes, I do. <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Cyprus</b>	<i>Yes, we agree with this effective date, since it will provide enough time for the IDI’s System of Audit Quality Management (SoAQM) pilot program to be completed, and possibly the IDI Playbook, intended to support SAIs in setting up a SoAQM, to be issued well in advance.</i>

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	<i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI France</b>	Yes <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Finland</b>	Yes, we agree. <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Ghana</b>	Yes <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Lithuania</b>	Yes <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Canada</b>	Yes, we agree with setting effective date as one year following the final approval. <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Norway</b>	We agree that the new ISSAI 140 should take effect one year following the final approval, tentatively 1. January 2025. <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Portugal</b>	Yes, the Portuguese Court of Auditors agrees. Setting the effective date as one year following the final approval is timely enough and appropriate. <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Qatar</b>	We agree with setting effective date as one year following the final approval. <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Czech Republic</b>	We agree with setting the effective date as one year following the final approval. <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Egypt</b>	The ASA agrees to set the effective date at one year after the final approval. <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Somalia</b>	we have no Question if not arisen any challenges or change <i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Sweden</b>	Yes.

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	<i>We propose to make it two years from approval while encouraging early adoption</i>
<b>SAI Ukraine</b>	<i>Yes, we do.</i> <i>We propose to make it two years from approval while encouraging early adoption</i>



**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

SAI of	General
SAI Qatar	<p><i>It is suggested to modify the name of the <b>Chapter -2 as “Purpose, Authority and Scope” instead of “Scope”</b> only as the Chapter 2 discusses the purpose, authority and scope of ISSAC 140.</i></p> <p><i>We modelled the heading based on ISSAI 150, as we were instructed.</i></p>
SAI Brazil	<p><i>I believe that the proposed text for the new ISSAI 140 is sufficiently clear and complete for an SAI to structure a risk-based quality management system. The proposed standard is aligned with ISQM 1 and 2 and adapted to the SAI context.</i></p> <p><i>No changes suggested by comment.</i></p>
SAI Portugal	<p><i>Firstly, the Portuguese Court of Accounts (TdC) would like to thank the opportunity to comment the proposed text ISSAI 140 – Quality management for SAIs.</i></p> <p><i>The TdC finds the exposure draft highly relevant, by describing in a holistic manner the different requirements underpinning a SAI’s system of quality management in an evolving and increasingly complex audit ecosystem, including growing and demanding stakeholder expectations. Quality Management is essential for Supreme Audit Institutions (SAIs) to meet their strategic objectives and fulfil their mission and mandates, so it must be considered and implemented broadly, involving all its relevant aspects, such as culture, strategy, ethic, policies, and procedures.</i></p> <p><i>The proposed text reflects, in general, the principles and the requirements set out in the International Standard on Quality Management (ISQM) 1, which we consider as an appropriate benchmark, and is in line with our own understanding about this theme</i></p> <p><i>No changes suggested by comment.</i></p>
SAI Austria	<p><i>We would like to thank you for sending us the exposure draft of the revised ISSAI 140, which takes into account and adapts the key principles of ISQM 1 and 2 for the SAI community. We highly appreciate the work and commitment of the ISSAI 140 working group in this regard.</i></p> <p><i>Our comments concern the implications that the revised ISSAI 140 – together with ISSAI 150 and a possibly revised ISSAI 130 – will have on the INTOSAI Framework of Professional Pronouncements (IFPP) in general:</i></p> <p><i>The provisions in the currently applicable ISSAI 140 are categorized as “key principles”, whereas the revised ISSAI 140 features “organisational requirements”, which a SAI must comply with “in order to be able to assert that it has conducted audits in accordance with the ISSAIs.” (ISSAI 140, exposure draft, para. 9).</i></p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

	<p><i>At the same time, the newly introduced para. 36 in ISSAI 100 refers to ISSAI 140 by stating that the “existence of a system of quality management at SAI level is a prerequisite for applying or developing national standards based on the Fundamental Auditing Principles. ISSAI 140 - Quality Management for SAIs defines the requirements of the ISSAIs and provides related application material in this regard.”</i></p> <p><i>If we take the two above-mentioned paragraphs – and the fact that the modal verb “should” featured in the key principles of the currently applicable ISSAI 140 has been replaced by “shall” in the revised ISSAI 140 – into consideration, we have to conclude that a hierarchical structure has been introduced to the IFPP, which requires SAIs to first comply with the organisational requirements featured in the ISSAIs 130, 140 and 150 before they can consider applying the ISSAI 100 series in the three ways defined in ISSAI 100, para. 8., to establish authoritative standards.</i></p> <p><i>The question that arises for us in this context is in what way the IFPP can still be considered a “principles-based” framework if the organisational requirements of the ISSAIs 130, 140 and 150 must be implemented before SAIs can embark on audits compliant with the ISSAI 100 series, which provide for far more flexibility as they feature “principles” and not “requirements”.</i></p> <p><i>What should be taken into account is the fact that the requirements of the revised ISSAI 140 will necessitate a considerable amount of quality-management-related expertise and corresponding resources within a SAI. Against the backdrop of the findings of the Global SAI Stocktaking Report 2020 that “for quality management, 37% of SAIs report the lack of a monitoring system for audit quality for any of the main audit streams, a figure which is even higher for SAIs with perceived insufficient resources”, this is concerning.</i></p> <p><i>We are therefore wondering whether those responsible for drafting and approving the revised ISSAI 140, as well as the INTOSAI community in general, are aware of the possible implications that the newly introduced requirements, which replace the “key principles” of the currently applicable ISSAI 140, will have on the rate of ISSAI compliance within the INTOSAI community and whether a larger discussion or awareness-raising exercise should be initiated on this matter.</i></p> <p><i>We are sensitive to this comment, however, we believe that SAIs should not be held to a lower standard than private firms.</i></p> <p><i>We should bear in mind that INTOSAI pronouncements foster credibility and relevance of public audit and promote excellence in the application of methodology and support the effective functioning of supreme audit institutions in the public interest.</i></p>
<p><b>SAI South Africa</b></p>	<ol style="list-style-type: none"> <li><i>1. Although quality management should not differ for the audits of entities in the private and public sectors, there are certain differences which should be elevated in the standard. These differences could ideally be highlighted in the application material.</i></li> <li><i>In the absence of concrete examples difficult to react or make edits</i></li> <li><i>2. Many SAIs rely on auditing firms in the private sector to expand their capacity, and since these auditors are not always familiar with the public sector to the extent to which they should be, it might be necessary to further clarify certain public sector concepts in the application</i></li> </ol>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

	<p><i>material. At the moment, the application material appears not to provide clear clarification or guidance that are specific to public sector.</i></p> <p><i>3. Although the private sector counterpart issued by the International Auditing and Assurance Standards Board (IAASB), ISQM 1, Quality Management for Firms that perform audits and reviews of financial statements and other assurance and related services engagements, refers to the ‘firm’, it also specifically refers to the scope of the engagements that are covered by the standard. Therefore, it is recommended that the types of engagements are also included in the title of the ISSAI 140, so that it does not appear as if the standard applies to the organisation but rather the engagements performed by the organisation.</i></p> <p><i>It does apply at the organisation level, not the engagement level.</i></p> <p><i>4. From our view the proposed standard can place more emphasis on adaptability of the standard and the reiterative nature of a System of Quality Management.</i></p> <p><i>We attempted to address scalability/adaptability to the degree possible. We added additional language that ties to the iterative nature of a system of quality management paragraphs 33, 44, and 50.</i></p>
<p><b>SAI Azerbeidjan</b></p>	<p><i>Hope you are all doing well. Please accept my sincere gratitude for your effort in developing a new exposure draft of ISSAI 140 Quality Management for SAIs.</i></p> <p><i>We believe that it will be helpful for all SAIs. After reviewing the draft we consider that the document was drafted based on ISQM-1. So, we do not have any comments on the mentioned document.</i></p> <p><i>No changes suggested by comment.</i></p>
<p><b>SAI Turkiye</b></p>	<p>1-Monitoring/Following the Realization of Quality Objectives</p> <p>New exposure draft of ISSAI 140 introduces a risk-based approach focused on achieving the quality objectives of SAIs. Quality objectives should be outcome-based and the SAIs determine how to achieve them.</p> <p>In this respect, the standard designs the quality management system as a process of establishing the system of quality management, establishing quality objectives, identifying and assessing quality risks and designing and implementing responses. In addition to that, it requires the SAI’s to monitor, evaluate and document the system as a whole.</p> <p>At this point, we believe that monitoring/following the realization of quality objectives is also critical for a well-functioning quality management system apart from monitoring and evaluating the system as a whole. However, we evaluated that there is not enough emphasis in the new exposure</p>

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	<p>draft on this issue and it needs clarity to be put forward. For this reason, we recommend that the new standard makes an emphasis on the monitoring /following the realization of quality objectives and includes instructions on this issue.</p> <p><i>We believe that there is flexibility for the monitoring to take place at whatever level the SAI determines as appropriate, the follow up of remedial actions will be taken up in paragraphs on monitoring</i></p> <p>2- Those Responsible / Their Responsibilities and Engagement Partner</p> <p>Well-defined roles and responsibilities in the system ensures better performance as those responsible are aware of their key performance area and expected outcomes and it also helps to clear up confusion.</p> <p>We evaluated that there is not enough information and clarity about roles/ responsibilities and those responsible in the new standard. Also, the engagement partner issue is not included either in terms of responsibility.</p> <p><i>We have deliberately left them general enough to be able to cater for various SAI organisational models. Please also see comments and analysis under requirement 1.</i></p> <p>In some cases, there may be decision makers outside the engagement team who is responsible for the audit engagement and its performance, such as the engagement partner. In such a case, the issue of responsibility and those responsible may not be clear.</p> <p>So we recommend that those responsible including engagement partner and their responsibilities be clarified within the quality management system.</p> <p><i>This depends on the governance of individual SAIs. We rather see it as a material for a GUID.</i></p> <p><i>As a general note, please bear in mind that the revised ISSAI 140 takes a different approach from the current one. We go from a more rigid system of quality control to actively managing the quality , which is embedded in all SAI's processes.</i></p>
<p><b>SAI Hellenic court of Audit</b></p>	<p>Dear colleague,</p> <p>In response to your email regarding the publication by the Professional Standards Committee of the new exposure draft of ISSAI 140 – Quality management for SAIs (ISSAI 140), we would like to inform you that we have no comment whatsoever to add on the draft report of the aforementioned International Standard and its explanatory statement, since we consider their content to be complete.</p> <p><i>No changes suggested by comment</i></p>

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<b>SAI USA</b>	<p>General; please see complete reply under:  <u>\\Ecanlp003\services\DQC\International cooperation\ISSAI 140\Exposure draft\Comments to exposure draft\Comments from SAIS\Comments to text\Check completed\GAO Response to INTOSAI ISSAI 140 AND ISSAI 100.pdf</u>  <i>No changes suggested by comment</i></p>
<b>SAI Kyrgyz Republic</b>	<p>Dear colleagues,          The Chamber of Accounts of the Kyrgyz Republic has no suggestions and comments on the draft ISSAI 140 "Quality Management for SAIs".          We highly appreciate your work and the efforts you have put into this project. We look forward to further cooperation and are ready to provide any necessary support.  <i>No changes suggested by comment</i></p>
<b>SAI China</b>	<p>Dear colleagues,          Thank you very much for sharing the exposure draft of ISSAI-140.          The SAI China has no comment and amendment proposal to the exposure draft.  <i>No changes suggested by comment</i></p>
<b>SAI Egypt</b>	<p>Retaining the previous ISSAI 140 and adding the new project as a complementary ISSAI 141 in addition to reconsidering the two projects together in this light.  <i>This is not in the remit of the working group</i></p>
<b>SAI Oman</b>	<p>Dear Colleagues,          Hope this email finds you well.          We have forwarded the new exposure draft to the concerned and would like to inform you that they had no comments or remarks.  <i>No changes suggested by comment</i></p>
<b>SAO Afghanistan</b>	<p>Greetings from SAO Afghanistan!          I hope this email finds you and your team in good health and spirits.          We appreciate the effort INTOSAI-PSC in drafting this document and are grateful for the opportunity to review it.          I am writing to inform you that the Supreme Audit Office of Afghanistan (SAO) has completed its review of the Draft ISSAI 140. After careful consideration, we are pleased to inform you that we have found no issues with the draft and agree with its content.  <i>No changes suggested by comment</i></p>

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SAI of	1
SAI Austria	<p><i>The term “operations” (here in para. 1 and later on in para. 46(f)) seems to be synonymous with “engagements”. Please either clarify (by defining “operations”) or replace it with engagements to ensure coherence of terminological use.</i></p> <p><i>The two terms are not synonymous. Operations is wider than engagements (it covers other duties of a SAI, its day-to-day management, eg, human resources, logistics, IT infrastructure). It is meant here in the most generic sense. We don’t see a need for a specific definition. Most people agreed with our approach to definitions in response to question 6a of the explanatory memorandum.</i></p>
SAI Costa Rica	<p>For Supreme Audit Institutions (SAIs) to meet their strategic objectives and fulfil their mandates, it is essential that all aspects of their operations are of high quality, and lead to high quality output. Quality management should be built into a SAI’s <u>leadership</u>, strategy, <u>plans</u>, culture, policies, <u>processes</u>, and procedures. The quality of a SAI’s work and output affects <del>its reputation and credibility</del> the ability to fulfill* its mandate effectively, <u>ultimately its reputation and credibility</u>.</p> <p><i>*fulfill: add one more “l” at the end.</i></p> <p><i>We suggest adding leadership, plans and processes, and reorganize the idea at the end of the paragraph.</i></p> <p><i>We believe plans are covered by strategy and processes – by policies and procedures. Leadership is discussed later in the standard. We don’t believe reorganising the idea adds substantial improvement to the standard.</i></p>
SAI Ecuador	<ul style="list-style-type: none"> <li>• <i>Proposed text: “So that Supreme Audit Institutions (SAIs) can achieve their strategic objectives and fulfil their mandates...”</i></li> <li><i>We suggest referring to the concept of an “organisational culture” in line 5. – OK, change made throughout</i></li> <li>• <i>To ensure quality, the framework of professional pronouncements should be considered, as outlined in ISSAI Standard 150. We entirely agree with this statement and therefore have multiple references to the entire Framework in the text</i></li> <li>• <i>The SAI’s quality management system should be integrated into its audit processes. The physical and electronic documents resulting from implementing audit processes should be part of the quality management system and should be available when required. The SAI should have rules in place for using electronic signatures and electronic notification of audit activities. Based on our experience, we would recommend that a system should be developed which would preserve the SAI’s key processes and provide for continuous internal updates, allowing any necessary updates to be made in</i></li> </ul>

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	<p><i>the case of regulatory changes or other requirements. Ecuador’s SAI addresses institutional needs quickly and appropriately. Moreover, with this strategy it has ensured IT operations, quickly restoring systems and minimising downtime in the event of a business continuity disaster.</i></p> <p><i>We entirely agree as the standard is intended to be scalable, there was no possibility to go into such level of detail in the text</i></p>
<b>AFROSAI E</b>	<p>Page 2 para 1: 1 is missing from ISSAI 40</p> <p><i>The reference to ISSAI 40 is correct</i></p>
<b>SAI Botswana</b>	<p>And intended goals and outcomes</p> <p><i>In our view strategy encompasses both intended goals and outcomes.</i></p>
Text of the standard	<p>For Supreme Audit Institutions (SAIs) to meet their strategic objectives and fulfil their mandates, it is essential that all aspects of their operations are of high quality, and lead to high quality output. Quality should be built into a SAI’s strategy, <u>organisational</u> culture, policies and procedures. The quality of a SAI’s work and output affects its reputation and credibility, and ultimately the ability to fulfil its mandate effectively.</p> <p><i>Change to match rephrased definition</i></p>
<b>SAI of</b>	<b>2</b>
<b>SAI Algeria</b>	<p><i>Well-designed quality management can help the SAI to obtain the following benefits:</i></p> <ol style="list-style-type: none"> <li><i>1. Assist the SAI in streamlining its processes and procedures, reducing the time and resources needed to carry out its work. This can lead to an improvement in the efficiency and effectiveness of the provision of audit services.</i></li> <li><i>2. Build trust among stakeholders, thereby helping to strengthen the SAI's reputation and credibility.</i></li> <li><i>3. Improve risk management: quality management can help the SAI to identify and manage the risks associated with its audit work.</i></li> <li><i>4. Continuous improvement: this can help to ensure that the SAI's work remains relevant and responsive to the changing needs and expectations of stakeholders.</i></li> </ol> <p><i>We entirely agree with these comments and suggest they should be part of a GUID to be developed.</i></p>
<b>SAI Japan</b>	<p>2) The public interest is best served by a SAI carrying out its engagements at a consistently high level of quality. The design, implementation and operation of a system of quality management help a SAI achieve this objective and provide reasonable assurance that its processes are in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) <u>or other relevant standards</u> and applicable legal and regulatory requirements.</p> <p><i>The scope of reasonable assurance in a system of quality management should contain not only the ISSAIs but also “other relevant standards” because</i></p>

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	<p><i>there are SAIs not only conduct audits in accordance with the ISSAIs but also conduct audit in accordance with the national standards they have developed based on or are consistent with the principles of the ISSAIs of the hundred series. This is because ISSAI 100 permits these kinds of diversity in application of the ISSAIs in Para. 9-10. Furthermore, revised ISSAI 100 in connection with revision of ISSAI 140 contains not only the ISSAIs but also “other relevant standards” as the scope of reasonable assurance in the system of quality management in Para. 36.</i></p> <p><i>Agreed, also amended ISSAI 100 paragraph 36</i></p>
<p><b>SAI Netherlands</b></p>	<p><i>We suggest that a definition of the term “reasonable assurance” (used in this paragraph) be included in Chapter 4, Definitions.</i></p> <p><i>Explanation: The project team decided not to include a definition of the term reasonable assurance because it is defined in ISSAI 100. But no footnote or reference to ISSAI 100 is made in the text. We think it might be helpful to include a definition of this term in the Definitions section in light of the importance given to it (in both paragraph 2 and 8), and the stand-alone readability and usability of ISSAI 140. For comparison, references to other standards are included in the text with regard to such terms as independence and ethical requirements.</i></p> <p><i>The term ‘reasonable assurance’ is used in a generic, not a technical sense.</i></p>
<p><b>SAI Norway</b></p>	<p><i>Suggestion to add two words:</i></p> <p><i>The ISSAIs <u>aim to</u> promote independent and effective auditing by SAIs,...</i></p> <p><i>ISSAIs do promote, effectiveness may vary, so we prefer to stay with the original text</i></p>
<p><b>SAI Ecuador</b></p>	<ul style="list-style-type: none"> <li><i>• The requirements laid down in International Quality Standard 1 should be taken into consideration in designing and implementing the Quality Management System in a timely manner, bearing in mind the allocation of resources.</i></li> </ul> <p><i>2) The best way of serving the public interest is for SAIs to ensure a high level of quality when carrying out their tasks. The design, implementation and operation of a quality management system help an SAI to achieve this objective and provide reasonable assurance that its processes are in line with the International Standards of Supreme Audit Institutions (ISSAI), <u>the Government Audit Standards in force in the SAI’s country</u>, and the applicable legal and regulatory requirements</i></p> <p><i>Done like Japan suggested</i></p>
<p><b>SAI Russia</b></p>	<p><i>Current version:</i></p> <p><i>“The public interest is best served by a SAI carrying out its engagements at a consistently high level of quality. The design, implementation and operation of a system of quality management help a SAI achieve this objective and provide reasonable assurance that its processes are in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and applicable legal and regulatory requirements”.</i></p>



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	<p><i>It would be better to formulate the paragraph in the following way (as in the previous version):</i></p> <p><i>“The public interest is served by a SAI carrying out its engagements at a consistently high level of quality. The design, implementation and operation of a system of quality management help SAIs achieve their objectives and provide reasonable assurance that its processes are being done in accordance with professional standards and applicable legal and regulatory requirements”.</i></p> <p><i>The reason is that only the ISSAIs are considered in the current version, so national standards and other documents developed in accordance with IFPP are out of the scope. Here and below it would be better to refer to “professional standards”, not only the “ISSAIs”.</i></p> <p><i>Agreed. See amendment made.</i></p>
Text of the standard	The public interest is best served by a SAI carrying out its engagements at a consistently high level of quality. The design, implementation and operation of a system of quality management help a SAI achieve this objective and provide reasonable assurance that its processes are in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), <u>or other relevant standards</u> and applicable legal and regulatory requirements.
	<b>3</b>
<b>SAI Poland</b>	<p><i>Consider replacing ‘reliability of public sector auditing’ with ‘quality and professionalism of public-sector auditing’ so as to make the reference to ISSAI 100 more precise.</i></p> <p><i>Agreed</i></p>
Text of the standard	The ISSAIs promote independent and effective auditing by SAIs, and thereby support the credibility, <u>quality, professionalism</u> and reliability of public sector auditing.
<b>SAI of</b>	<b>4</b>
<b>SAI Austria</b>	<p><i>We suggest to add “resources” to the segment “with due consideration of a SAI’s mandate, national legislation, structure, size and the types of audit it performs”. It would then read: “with due consideration of a SAI’s mandate, <u>its resources</u>, national legislation, structure, size and the types of audit it performs”.</i></p> <p><i>Since establishing a quality and risk management system in accordance with this standard will be resource intensive and will probably require at least one full-time-equivalent staff member, fulfilling all of the requirements set out in this exposure draft might be challenging for smaller SAIs.</i></p> <p><i>We consider resources are covered under size, so prefer not to amend</i></p>

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<p><b>SAI Netherlands</b></p>	<p>See our comments on paragraph 9.  <i>The level at which the requirements are set, inherently allows this flexibility. A must is to comply with the standards, but how SAIs apply the standards is entirely up to them</i></p>
<p><b>SAI Costa Rica</b></p>	<p>ISSAI 140 Quality Management <b>(QM)</b> for SAI's ...  <i>Add acronym: QM</i>  <i>We are trying to limit the use of acronyms across the text for better readability</i></p>
<p><b>SAI Norway</b></p>	<p><i>Comment:</i>  <i>We would nevertheless like to emphasise the importance of clarifying the status the purpose and status of “application material”.</i>  <i>We agree, however, this should rather be clarified at the level of the framework rather than in an individual standard. This could be in the scope of the terminology project of the new SDP.</i></p>
<p>SAI Ecuador</p>	<p>• <i>Proposed text:</i>  “For the SAI, the ISSAI 140 Quality Management standard is intended to be used in conjunction with the other ISSAIs; and, with due regard to the mandate of an SAI, the legislation governing it, its structure and size and the types of audit it carries out. The standard allows for adequate flexibility in implementing organisational requirements, to take into account considerations specific to each SAI”.  <i>We do not believe that the proposed change improves the text in a meaningful manner.</i></p>
<p>Text of the standard</p>	<p>ISSAI 140 – Quality Management for SAIs is intended to be used in conjunction with the other ISSAIs and with due consideration of a SAI’s mandate, national legislation, structure, size and the types of audit it performs. The standard allows for appropriate flexibility in the application of the organisational requirements, to cater for specific considerations that are unique to each SAI.</p>
<p><b>SAI of</b></p>	<p align="center"><b>5</b></p>
<p><b>SAI Qatar</b></p>	<p>The first sentence of proposed Paragraph 5 states “The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management when claiming compliance with the ISSAIs.”  However, the above the Paragraph 5 is not aligned with the Paragraph 18 and Paragraph 40 as the issue of appropriate report is not addressed in this sentence. The text of paragraphs is given below:  • Paragraph 18 on Quality states “the extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders’ needs.”</p>

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	<ul style="list-style-type: none"> <li>• Paragraph 40 (f) on Performance engagements and issuing audit reports also states that “audit reports are appropriate and satisfy stakeholders’ needs”</li> </ul> <p>Hence, it is suggested to add the below line after the end of the first sentence of Paragraph 5.  “Also, that audit reports issued by SAI are appropriate in the circumstances”</p> <p>Revised Paragraph 5 (modified portioned shown in red colour) would be:</p> <p>“The purpose of ISSAI 140 is to set out ----- when claiming compliance with the ISSAIs. Also, that audit reports issued by SAI are appropriate in the circumstances. ISSAI 140 serves the same -----to SAIs and the public sector context in which they work.”</p> <p><i>The purpose of paragraphs 18 and 40 are different to the purpose of paragraph 5, so we do not see the need to amend the text</i></p>
<b>SAI Japan</b>	<p>5) <i>The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management <u>when carrying out all audits and other work claiming compliance with the ISSAIs.</u></i></p> <p><i>ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1. The principles of the latter are adapted as necessary to apply to SAIs and the public sector context in which they work. The scope of quality management should not limit compliance with the ISSAIs but broaden to “carrying out all audits and other work” because as mentioned in the comment on Para.2, there are SAIs not only conduct audits in accordance with the ISSAIs but also conduct audit in accordance with the national standards they have developed based on or are consistent with the principles of the ISSAIs of the hundred series, and Exposure Draft of ISSAI 140 mentions that “ISSAI 140 may also be used for jurisdictional and other activities carried out by the SAI” in Para. 6. Furthermore, ISQM 1 that Exposure Draft of ISSAI 140 based on mentions only engagements such as audits or reviews of financial statements, and does not mention compliance with professional standards as scope of ISQM 1 in Para. 5.</i></p> <p><i>While we agree with this comment, we think it is sufficient to refer to ‘audits and other work’ in paragraph 8.</i></p>
<b>SAI Botswana</b>	<p>Instead of the use of the word “claiming” on the second line rather consider using words such as asserting, affirming, confirming.</p> <p><i>We removed the clause where this term was used.</i></p>
<b>SAI Lithuania</b>	<p><i>Paragraph 5 states that “The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management when claiming compliance with the ISSAIs. ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1. The principles of the latter are adapted as necessary to apply to SAIs and the public sector context in which they work”.</i></p>

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	<p><i>However, neither ISSAI 140 nor ISSAI 100 clearly state whether ISQM 1/2 is directly applied by the SAI, or whether SAI may not apply the provisions of ISQM 1/2 and in which cases and may be limited only to the provisions provided in ISSAI 140 (for example, explanations of how ISSAI 140 should be applied in the case of a financial audit are provided in ISSAI 2000 paragraph: 1-4; 8-10). In addition, it is not clear whether the ISQM 1/2 provisions/requirements not mentioned in ISSAI 140 should be directly applied by the SAI or whether they are not applicable/mandatory. To avoid confusion, it would be appropriate to define this clearly in ISSAI 140.</i></p> <p><i>In our opinion, ISSAI 140 should define all requirements that must be applied by SAI, and which should be presented in maximum detail, clearly and understandably for all, thus leaving no doubt on the application of ISQM 1/2 provisions and their scope. In other words, ISSAI 140 should provide all applicable and necessary information and that there would be no additional need to refer to ISQM.</i></p> <p><i>We have designed the revised ISSAI 140 to be flexible to the size and requirements of an individual SAI. Therefore it should not be as prescriptive as you describe. However, it does not limit you exceeding you a requirement. In order to avoid confusion as to the exact role of the ISQM 1 for the SAIs we made an adjustment to the text.</i></p>
<p><b>SAI Ecuador</b></p>	<ul style="list-style-type: none"> <li>• <i>When it states that “the objective of ISSAI 140 is to establish the organisational requirements that an SAI should follow in terms of quality management when complying with ISSAI”, is this the sole objective of the ISSAI?</i></li> </ul> <p><i>Yes it is</i></p>
<p><b>SAI Russia</b></p>	<p><i>The first two sentences both contain the purpose of ISSAI 140. The second sentence, in fact, duplicates the first one.</i></p> <p><i>Current version:</i></p> <p><i>“The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management when claiming compliance with the ISSAIs. ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1. &lt;...&gt;”</i></p> <p><i>It would be better to formulate the paragraph in the following way:</i></p> <p><i>“The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management when claiming compliance with the ISSAIs.</i></p> <p><i>ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1. ISSAI 140 is based on the key principles of International</i></p>

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	<p><u><i>Standard on Quality Management (ISQM) 1</i></u>. The principles of the latter are adapted as necessary to apply to SAIs and the public sector context in which they work”.</p> <p><i>Please see the amended text</i></p>
<b>SAI Hungary</b>	<p>“ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1” – an article is suggested to be added: “...the same purpose as <del>the</del> International Standard on Quality Management...”</p> <p><i>This part of the text has been taken rephrased and moved to footnote 1.</i></p>
Text of the standard	<p>The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management <del>when claiming compliance with the ISSAIs. ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1. The principles of the latter are adapted as necessary to apply to SAIs and the public sector context in which they work.</del></p> <p><i>Moved part of the text (rephrased) to footnote 1.</i></p>
<b>SAI of</b>	<b>6</b>
Text of the standard	<p>ISSAI 140 addresses the SAI’s role and responsibilities on an organisational level and is applicable to all types of engagements covered by the ISSAIs. ISSAI 140 may also be used for jurisdictional and other activities carried out by the SAI.</p>
<b>SAI of</b>	<b>7</b>
<b>SAI Algeria</b>	<p><i>In order to make this paragraph clearer, we recommend providing more detail on the specific types of audit for each corresponding assignment.</i></p> <p><i>ISSAI 140 was aligned with ISSAI 150 which does not specify all relevant pronouncements</i></p>
<b>SAI Poland</b>	<p><i>Assuming that GUIDs are also expected to be based on ISSAI 140, consider adding ‘and regarding particular subject matters’ at the end of the sentence.</i></p> <p><i>We took out ‘engagement level’ as this might indeed be confusing</i></p>
<b>SAI Botswana</b>	<p>Consider highlighting specific examples of INTOSAI pronouncements relating to quality management to augment the scope. For ease of reference</p> <p><i>ISSAI 140 was aligned with ISSAI 150 which does not specify all relevant pronouncements</i></p>
<b>IDI</b>	<p><i>Other ISSAIs touch upon QM issues, however, - differently and sometimes using the terminology differing from new ISSAI 140. We suggest that ISSAI 140 takes precedence over other ISSAIs in QM related issues, in case of any contradictions between ISSAI 140 and other ISSAIs. Will conforming amendments also be made to ISSAI 3000 and 4000, as has been done in case of ISSAI 2220 ?</i></p> <p><i>Conforming amendments will be made to other IFPP pronouncement as dedicated projects in the new SDP.</i></p>
<b>SAI France</b>	<p><i>Would it be helpful to include a reference to the ISO quality management standards?</i></p>

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	<i>We would rather not to as we feel it would add complexity without a clear benefit. This does not preclude the SAIs from applying the principles from the ISO quality management standards</i>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>• <i>When it states that “... concerning quality management for specific types of audit and at engagement level”, to what does the level of engagement refer, and with whom or with what? We suggest developing this idea.</i></li> </ul> <p><i>We took out ‘engagement level’ as this might indeed be confusing</i></p>
Text of the standard	ISSAI 140 is complemented by other INTOSAI pronouncements relating to quality management for specific auditing types <del>and at an engagement level.</del>
<b>SAI of</b>	<b>8</b>
<b>SAI Japan</b>	<p>8) ISSAI 100 Fundamental Principles of Public-Sector Auditing provides that each SAI should establish and maintain a system of quality management to provide it with reasonable assurance that the SAI carries out all audits and other work at a consistently high level of quality and in accordance with the ISSAIs or other relevant standards and applicable legal and regulatory requirements. A SAI’s system of quality management generally addresses the following interconnected components in a continual and iterative manner:</p> <ul style="list-style-type: none"> <li>• <i>SAI’s risk assessment process;</i></li> <li>• <i>governance and leadership;</i></li> <li>• <i>relevant ethical requirements;</i></li> <li>• <i>acceptance, initiation, and continuance of engagements;</i></li> <li>• <i>performing engagements <del>and issuing audit reports;</del></i></li> <li>• <i>SAI resources;</i></li> <li>• <i>information and communication; and</i></li> <li>• <i>monitoring and remediation process.</i></li> </ul> <p><i>“and issuing audit reports” should be eliminated because Exposure Draft of ISSAI 140 defines engagement as “any work carried out by a SAI that is within the scope of the ISSAIs” in Para. 12, as a result, issuing audit reports is included in engagement. Furthermore, ISQM 1 does not mention issuing audit reports, and mentions only engagement performance as component of a system of quality management in Para. 6. (e).</i></p> <p><i>Agree, also, not every engagement results in an audit report</i></p>
<b>SAI Poland</b>	<i>Consider adding ‘planning’ or ‘designing’ in bullet 4 – it will often be critical for the quality of the whole engagement. This set of terms will be repeated several times across the whole document, and is suggested as a modified text of ISSAI 100.</i>

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	<p><i>Planning/designing are part of engagement performance, so are included under bullet 5</i></p>
<p><b>SAI Austria</b></p>	<p><i>Since this paragraph makes a direct reference to the proposed paragraph 36 in ISSAI 100, it might be helpful to indicate this correspondingly, e.g.: “ISSAI 100 Fundamental Principles of Public-Sector Auditing (paragraph 36) provides that [...]”</i></p> <p><i>In the same vein, the bullet points should be aligned as regards capitalization (ISSAI 140 features lower-case letters after the bullet points, whereas ISSAI 100 has upper-case letters).</i></p> <p><i>Agreed</i></p>
<p><b>SAI Netherlands</b></p>	<p><i>We suggest that a definition of the term “reasonable assurance” (used in this paragraph) be included in Chapter 4, Definitions.</i></p> <p><i>Explanation: Please see our comments on paragraph 2.</i></p> <p><i>We suggest difference between “continuance of engagements” and “performing engagements” be clarified.</i></p> <p><i>We will refer to ISSAI 100 paragraph 36 instead</i></p> <p><i>As to the difference between continuance of engagement and performing engagement, we would think the standard is not the right place, a GUID is better suited for discussing the difference.</i></p>
<p><b>SAI Costa Rica</b></p>	<p>... A SAI’s system of quality management generally addresses the following interconnected components in a continual and iterative manner:</p> <ul style="list-style-type: none"> <li>• SAI’s risk assessment process;</li> <li>• <u>SAI’s context</u></li> <li>• <u>G</u>overnance and leadership;</li> <li>• <u>R</u>elevant ethical requirements;</li> <li>• <u>...</u></li> <li>• <u>Relevant stakeholders</u></li> </ul> <p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are consistently using Oxford style across the text</i></p> <p><i>Adding the SAI’s context and relevant stakeholders. This should also be adjusted in ISSAI 100.</i></p> <p><i>SAIs context and relevant stakeholders are not components of the system of quality management, but indeed need to be taken into account when developing the system. This is addressed in paragraph 35a.</i></p>

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<b>SAI Canada</b>	<p><i>We noticed that the operational requirement to establish a system of quality management in paragraph 22 (Page 10) uses the terminology “design, implementation and operation of the system of quality management” while in paragraph 8, the terminology “establish and maintain” is used. This is inconsistent use of terminology.</i></p> <p><i>Agree, we have aligned paragraph 8, 22 and paragraph 36 of ISSAI 100</i></p>
<b>SAI Ecuador</b>	<p>... performing engagements and issuing audit reports, <u>in accordance with ISSAIs or other relevant standards</u></p> <p><i>Issuing audit reports is not a component as such.</i></p>
<b>SAI Eritrea</b>	<p><i>In the list of interconnected components, adding SAI strategy and Stakeholder engagement policy or strategy) among the list may add value.</i></p> <p><i>SAIs strategy and stakeholder engagement policy/strategy are not components of the system of quality management, but indeed need to be taken into account when developing the system. This is addressed in paragraph 35a.</i></p>
Text of the standard	<p>ISSAI 100 - Fundamental Principles of Public-Sector Auditing provides that each SAI should <u>design, implement and operate</u> <del>establish and maintain</del> a system of quality management to provide it with reasonable assurance that the SAI carries out all audits and other work at a consistently high level of quality and in accordance with the ISSAIs, <del>or</del> other relevant standards, and applicable legal and regulatory requirements <sup>1</sup>. A SAI’s system of quality management generally addresses the following interconnected components in a continual and iterative manner:</p> <ul style="list-style-type: none"> <li>• SAI’s risk assessment process;</li> <li>• governance and leadership;</li> <li>• relevant ethical requirements;</li> <li>• acceptance, initiation, and continuance of engagements;</li> <li>• performing engagements <del>and issuing audit reports</del>;</li> <li>• SAI resources;</li> <li>• information and communication; and</li> <li>• monitoring and remediation process.</li> </ul> <p><u>The authority of the ISSAIs is further defined in ISSAI 100.</u></p>

<sup>1</sup> ISSAI 100 paragraph 36



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SAI of	9
<b>SAI Qatar</b>	<p>The first sentence of the Paragraph No. 8 states that “ISSAI 100 Fundamental Principles -----the SAI carries out all audits and other work at a consistently high level of quality and in accordance with the ISSAIs or other relevant standards and applicable legal and regulatory requirements.”</p> <p>However, the second sentence of Paragraph No. 9 states that “The SAI must comply with all organisational requirements of this standard in order to be able to assert that it has conducted audits in accordance with the ISSAIs.”</p> <p>To align both the paragraphs and considering the fact that quality management is also required for other works conducted by the SAI, it is suggested that the word “audit” in the Paragraph No. 9 above may be replaced with “audit and other works”.</p> <p>Modified Paragraph No. 9 (modified portioned shown in red colour) would be:            “The SAI must comply with all organisational requirements of this standard in order to be able to assert that it has conducted audit <u>and other works</u> in accordance with the ISSAIs.”</p> <p><i>Agreed</i></p>
<b>SAI Austria</b>	<p><i>The first sentence of this paragraph “ISSAI 140 defines the organisational requirements of the ISSAIs based on this principle in ISSAI 100” is not clearly understandable:</i></p> <ul style="list-style-type: none"> <li>• <i>Which ISSAIs are referred to exactly? The entirety of them? (We are aware that the same sentence also exists in paragraphs 35 and 36 of the currently applicable ISSAI 100).</i></li> <li>• <i>Does “based on this principle” refer to the principle quoted above in paragraph 8 “each SAI should establish and maintain a system of quality management...”? We would suggest to either rephrase this into “based on the principle quoted above in paragraph 8” or to quote the principle directly: “based on paragraph 36 in ISSAI 100”.</i></li> </ul> <p><i>Agreed. We took out the first sentence of paragraph 9 which was creating confusion.</i></p>
<b>SAI Netherlands</b>	<p><b><i>We suggest that the relationship between the message of this paragraph and the message of paragraph 4 (and other paragraphs) be further clarified to allow for flexibility and scalability.</i></b></p> <p><i>Explanation: Paragraph 9 states that “The SAI must comply with all organisational requirements of this standard in order to be able to assert that it has conducted audits in accordance with the ISSAIs”. Paragraph 4 states that “The standard allows for appropriate flexibility in the application of the</i></p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

	<p>organisational requirements, to cater for specific considerations that are unique to each SAI". <i>This could be confusing for SAIs and therefore we suggest these points be clarified.</i></p> <p><i>The level at which the requirements are set, inherently allows this flexibility. A must is to comply with the standards, but how SAIs apply the standards is entirely up to them</i></p>
<b>SAI Botswana</b>	<p><i>First sentence: Should read – "ISSAI 140 defines the organisational requirements of the <del>SAIs-ISSAIs</del> based on <del>this principle the principles</del> in ISSAI 100. Agreed. Sentence deleted anyway</i></p>
<b>SAI USA</b>	<p><i>To enhance auditors' and SAI's overall understanding and implementation of the ISSAIs, we believe that ISSAI 100 and 140 should clarify how the components of an SAI's system of quality management relate or link to the organizational requirements that underpin the SAI's system of quality. We believe that it is unclear how the components of an SAI's system of quality management (ISSAI 100 paragraph 36) relate to the organizational requirements that underpin such a system (ISSAI 140 paragraph 9). ISSAI 100 paragraph 36 states that an SAI's system of quality management generally addresses eight interconnected components: (1) SAI's risk assessment process; (2) governance and leadership; (3) relevant ethical requirements; (4) acceptance, initiation, and continuance of engagements; (5) performing engagements and issuing audit reports; (6) SAI resources; (7) information and communication; and (8) monitoring and remediation process. These eight components are similar to the components ISQM 1 describes in a system of quality management.</i></p> <p><i>ISSAI 140 paragraph 9 defines SAIs' organizational requirements based on the eight components included in ISSAI 100 paragraph 36. ISSAI 140's seven organizational requirement categories are (1) establishing the system of quality management, (2) establishing quality objectives, (3) identifying and assessing quality risks, (4) designing and implementing responses, (5) monitoring the system of quality management and remedying identified deficiencies, (6) evaluating and concluding on the effectiveness of the system of quality management, and (7) documenting the system of quality management. We believe that describing the linkage between the quality management components and organizational requirements would clarify ISSAI 140.</i></p> <p><i>We modified paragraph 36 of ISSAI 100 by adding the following:</i></p> <p><i><u>ISSAI 140 defines the following organisational requirements:</u></i></p> <p><i>...</i></p> <p><i><u>ISSAI 140 also provides application material in this regard.</u></i></p>
<b>SAI Egypt</b>	<p><i>Definitions should begin with the sentence "<u>For the purposes of this Standard, the following terms have the meanings set out below</u>".</i></p> <p><i>We propose adding definitions for: Governance - Documentation of Liaison Work - Examination of Completed Tasks).</i></p>

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	<p><i>ISSAI 140 is aligned on ISSAI 150 which does not have such introductory sentence.</i></p> <p><i>As to definitions:</i></p> <ul style="list-style-type: none"> <li>- <i>Governance – in our view, the variation between SAIs makes it impracticable to come up with a definition</i></li> <li>- <i>Documentation of Liaison Work – such term does not appear in ISSAI 140</i></li> <li>- <i>Examination of Completed Tasks (review of completed engagements) – In our view, this concept does not merit elevation to the section on definitions.</i></li> </ul>
<p><b>SAI Ecuador</b></p>	<ul style="list-style-type: none"> <li>• <i>We suggest checking the wording, since the ISSAI 100 principle referred to is not indicated; nor is there any indication as to which ISSAIs are included in the mandatory organisational requirements. Proposed text: “... The SAI must comply with each and every organisational requirement...”</i></li> </ul> <p><i>Addressed with amending ISSAI 100</i></p> <p>... The SAI must comply with all organisational requirements of this standard in order to be able to assert that it has conducted audits in accordance with the ISSAIs <u>and government audit standards in force in the country</u>. ...</p> <p><i>Addressed in the scope</i></p>
<p><b>SAI Russia</b></p>	<p><i>The content of the paragraph, in general, duplicates the content in paragraph 6. Also it seems redundant to mention the scope of ISSAI 100 since ISSAI 140 is already included in the IFPP.</i></p> <p><i>Current version:</i></p> <p><i>“ISSAI 140 defines the organisational requirements of the ISSAIs based on this principle in ISSAI 100. The SAI must comply with all organisational requirements of this standard in order to be able to assert that it has conducted audits in accordance with the ISSAIs. The authority of the ISSAIs is further defined in ISSAI 100”.</i></p> <p><i>Addressed with deletion of the sentence</i></p>
<p><b>SAI Hungary</b></p>	<p><i>“ISSAI 140 defines the organisational requirements of the ISSAIs based on this principle in ISSAI 100. The SAI must comply with all organisational requirements of this standard in order to be able to assert that it has conducted audits in accordance with the ISSAIs.” – It is rather confusing, what “this principle” means in this context as the first sentence refers to ISSAI 100 (which also includes a section on organisational requirements), while the second sentence seems to refer to ISSAI 140. That being the case, do “all organisational requirements” include these requirements both from ISSAI 100 and 140? A clarification would be desirable.</i></p> <p><i>Addressed with rephrased text.</i></p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

Text of the standard	<del>ISSAI 140 defines the organisational requirements of the ISSAIs based on this principle in ISSAI 100.</del> The SAI must comply with all organisational requirements of <u>ISSAI 140</u> <del>this standard</del> in order to be able to assert that it has conducted audits <u>and other work</u> in accordance with the ISSAIs. <del>The authority of the ISSAIs is further defined in ISSAI 100.</del>
SAI of	<b>10</b>
SAI Poland	<p><i>(1) The notion defined here is ‘organizational culture’ rather than ‘culture’ (which is much broader).</i></p> <p><i>(2) The list of terms as it is now actually means everything in an organisation which characterises a SAI. It would be more useful if it pointed out at the essence of ‘organizational culture’, so that the reader could understand the special meaning of quality management. First of all, organizational culture provides (or does not) ‘a consistency in outlook and values’ crucial for ‘processes of decision making, co-ordination and control’ [e.g. Gorman, 1987]</i></p> <p><i>Agreed to point 1, in our view the current definition encompasses what you cover in point 2</i></p>
SAI Costa Rica	<p>Culture – operating <u>psychological</u> environment encompassing behavioural norms and shared ethics, vision, mission, beliefs and core values, goals, attitudes, competencies, procedures, <u>processes</u>, policies and practices, and communication, that characterise a SAI and how it operates.</p> <p><i>Adding psychological and processes. organizational culture values, beliefs and practices that influence the conduct, behaviour and knowledge of people and organizations</i></p> <p><i>[SOURCE: ISO 30400:2016, 3.2, modified — "and knowledge" has been added.] organizational culture collective beliefs, values, attitudes and behaviour of an organization that contribute to the unique social and psychological environment in which it operates</i></p> <p><a href="https://www.iso.org/obp/ui#search">https://www.iso.org/obp/ui#search</a></p> <p><i>We believe ‘psychological’ is covered by ‘encompassing behavioural norms and shared ethics’, and ‘processes’ are covered in ‘procedures, policies and practices’.</i></p>
SAI Norway	<p>We appreciate the efforts made to elaborate on key concepts, such as ‘culture’ and ‘quality’. We have a few comments to the definitions presented in the new ISSAI 140, that you may want to consider:</p> <p>Culture is defined as «operating environment encompassing behavioural norms and shared ethics, vision, mission, beliefs and core values, goals, attitudes, competencies, procedures, policies and practices, and communication that characterise a SAI and how it operates. » We perceive that this definition captures many important aspects of an organization's culture and control environment. Our feedback is that these cultural elements, overall, have been given too little and weak space in quality management system.</p> <p><i>We agree that there is more to it and would suggest expanding on this concept in a future GUID.</i></p>

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)*

SAI Ecuador	<ul style="list-style-type: none"> <li>• Culture – operational environment, covering (...). <i>Explain if this is a definition, as the correct punctuation would be a full stop and a hyphen (. -).</i>  <i>We are using Oxford style guide consistently</i>  <i>Insert the word “Organisational” after “culture”.</i>  <i>Done</i></li> </ul>
Text of the standard	<u>Organisational</u> cCulture – operating environment encompassing behavioural norms and shared ethics, vision, mission, beliefs and core values, goals, attitudes, competencies, <u>policies</u> , procedures, <del>policies</del> and practices, and communication, that characterise a SAI and how it operates.
SAI of	<b>11</b>
SAI Germany	<i>In para. 11 c., the “do” should be singular (“does”), as under b.</i> <i>Agree</i>
SAI Peru	<i>It is suggested to add the following paragraphs:</i>  <u>e. The feedback of the evaluations to the quality management system is not considered.</u> <u>f. Product (engagement) quality standards are not met.</u> <i>In our view proposed points (e) and (f) are covered by current (d)</i>
SAI Botswana	<u>e) Monitoring remediation aspect</u> to be included <i>it is covered by point (d)</i>
SAI Costa Rica	<i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i> <i>We use consistently Oxford style guide</i>
SAI Ecuador	<ul style="list-style-type: none"> <li>• <i>Proposed text: “Deficiency in the SAI’s system of quality management exists when: ...</i>   <i>c) a response, or combination of responses, do not reduce to an acceptably low level, the likelihood of a related quality risk occurring because the response(s) is not properly <b>designed, verified and effectively implemented; and,</b>”</i>  <i>We suggest not to change as we have been using the current language consistently throughout the standard</i></li> </ul>
SAI Hungary	c): “...do not reduce to an acceptably low level, the likelihood of a related quality risk...” – <i>the comma can be omitted.</i> <i>Agreed. Edit made</i>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

Text of the standard	<p>Deficiency (in the SAI’s system of quality management) – <u>this</u> exists when:</p> <p>a. an appropriate quality objective is not established, or established incorrectly;</p> <p>b. a quality risk, or combination of quality risks, is not identified or properly assessed;</p> <p>c. a response, or combination of responses, <u>does</u> not reduce to an acceptably low level, the likelihood of a related quality risk occurring because the response(s) is not properly designed, implemented, or operating effectively; or</p> <p>d. another aspect of the system of quality management is absent, or not properly designed, implemented or operating effectively, such that a requirement of this standard has not been addressed.</p>
<b>SAI of</b>	<b>12</b>
<b>SAI Ukraine</b>	<p><i>In this paragraph Engagement is defined as any work carried out by a SAI that is within the scope of the ISSAIs. Is this not a limitation in relation to quality management, perhaps it be better to define the scope by the SAI’s legal mandate?</i></p> <p><i>We have rephrased the text by referring to the IFPP, rather than the ISSAIs, so as to encompass jurisdictional activities. This said, nothing restricts a SAI from applying the system to other work within their mandate. See also ISSAI 100 paragraph 7.</i></p>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>• Participation: clarify whether the separator is a hyphen (-) or a full stop and a hyphen (. -) in the second case this would be a definition.</li> </ul> <p><i>We are using consistently Oxford style guide</i></p>
<b>SAI Russia</b>	<p>1) <i>It seems that engagements carried out by SAIs may go far beyond the scope of ISSAIs and include other IFPP documents and national standards, laws and regulations.</i></p> <p><i>It is a limitation, but a deliberate one, as it does not restrict a SAI from applying the system to other work within their mandate. See also ISSAI 100 paragraph 7</i></p> <p>2) <i>Definition of the term “engagement” is key for all of the IFPP documents, not only for the quality management. It seems that the term should be defined in another ISSAI, such as ISSAI 100, for example.</i></p> <p><i>We agree, but a universal glossary of terms for IFPP is outside the scope of this project</i></p> <p><i>Current version:</i></p> <p><i>“Engagement – any work carried out by a SAI that is within the scope of the ISSAIs”.</i></p>
<b>AFROSAI E</b>	<p>the word ISSAI to be replace with SAI’s mandate, ISSAI may not cover jurisdictional and other activities carried out by the SAI as indicate in para 22</p> <p><i>We are proposing an amendment to encompass jurisdictional activities of the SAIs. As mentioned above, SAIs are not restricted from applying the system of quality management to other work within their mandate.</i></p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

Text of the standard	Engagement – any work carried out by a SAI that is within the scope of the <del>ISSAIs</del> <u>IFPP</u> . <i>We are proposing this amendment to encompass jurisdictional activities of the SAIs which are covered in INTOSAI P-50.</i>
<b>SAI of</b>	<b>13</b>
<b>SAI Peru</b>	<p><i>It is suggested to define "Audit Report".</i></p> <p><i>We amended this definition for more clarity</i></p> <p><i>Also, with respect to the definition of Engagement Quality Review, the following questions arise: Is the engagement quality review only performed on the significant judgments made by the engagement team and the conclusions reached, and are no other quality standards identified for the engagement?</i></p> <p><i>Review of the significant judgments and conclusions reached is a minimum. Dependent on availability of resources and the risks involved, the review can go further.</i></p> <p><i>Having said that, please note that, as discussed under point 13, we propose to take out both definition of engagement quality review (EQR) and reviewer. EQR is an optional response and it seems to us that as such, does not need to be defined in this standard.</i></p>
<b>SAI Botswana</b>	<p><i>Clarity needed on the statement “completed before the date of the audit report”. Does this mean the date of the audit report of each individual audit engagement or of the overall Auditor General’s (SAI) Report?</i></p> <p><i>As discussed under point 13, we propose to take out both definition of engagement quality review (EQR) and reviewer. EQR is an optional response and it seems to us that as such, does not need to be defined in this standard</i></p>
<b>SAI USA</b>	<p><i>We suggest clarifying the intended timing for the completion of an engagement quality review. Paragraph 13 states that the engagement quality review is completed before the date of the audit report. However, financial statement audits and performance audits can have different requirements for dating the auditor’s report. We suggest clarifying that engagement quality reviews should be completed before “the date the audit report is issued” to allow sufficient time for the engagement quality reviewer to complete a thorough and effective review.</i></p> <p><i>As discussed under point 13, we propose to take out both definition of engagement quality review (EQR) and reviewer. EQR is an optional response and it seems to us that as such, does not need to be defined in this standard</i></p>
<b>SAI Lithuania</b>	<p><i>The definition of "Engagement quality review" (paragraph 13) states that it is an objective assessment of the significant judgment made by the engagement team and is completed by the date of the audit report.</i></p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

	<p><i>In our view, it would be appropriate to specify the definition by stating that it is a review of an ongoing task.</i></p> <p><i>As discussed under point 13, we propose to take out both definition of engagement quality review (EQR) and reviewer. EQR is an optional response and it seems to us that as such, does not need to be defined in this standard</i></p> <p><i>Also, since it is indicated that the assessment is performed only for "significant judgments", it would be appropriate to clearly specify that the purpose of this assessment is not to evaluate the entire engagement(s), but only significant ones (for example ISQM 2 - paragraph 8: Engagement quality review is not intended to be an evaluation of whether the entire engagement complies with professional standards and applicable legal and regulatory requirements, or with the firm’s policies or procedures.).</i></p> <p><i>Review of the significant judgments and conclusions reached is a minimum. Dependent on availability of resources and the risks involved, the review can go further.</i></p>
<p><b>SAI Ecuador</b></p>	<ul style="list-style-type: none"> <li>• According to the punctuation used in this paragraph, “13) Review of the quality of participation – objective assessment, revise the wording according to the context. This is a definition, so the correct punctuation would be a full stop and a hyphen (. -); and “Evaluation” would then start with a capital letter. Proposed text: <b>“Engagement quality review - The auditor’s objective assessment of the quality of the audit process carried out, the significant judgments made by the engagement team and in terms of the conclusions reached. This audit will be carried out at all stages of the audit process up to delivery, in accordance with the applicable rules and guidelines”.</b></li> </ul> <p><i>As discussed under point 13, we propose to take out both definition of engagement quality review (EQR) and reviewer. EQR is an optional response and it seems to us that as such, does not need to be defined in this standard</i></p>
<p><b>SAI Russia</b></p>	<p><i>It would be better to formulate the paragraph in the following way:</i></p> <p><i>“Engagement quality review – an objective evaluation of the significant judgments made by the engagement team and the conclusions reached, performed by the engagement quality reviewer and completed on or before the date of the report”.</i></p> <p><i>Otherwise, it does not fully correspond to ISQM 1. It does not seem correct to exclude the date of the report out of the possible dates of engagement quality review.</i></p> <p><i>As discussed under point 13, we propose to take out both definition of engagement quality review (EQR) and reviewer. EQR is an optional response and it seems to us that as such, does not need to be defined in this standard</i></p>



**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

Text of the standard	<p><del>Engagement quality review – an objective assessment, performed by the engagement quality reviewer and completed before the date of the audit report, of the significant judgments made by the engagement team and the conclusions reached.</del></p> <p><i>This is option 1 as discussed under paragraph 14 below.</i></p>
SAI of	<b>14</b>
SAI Netherlands	<p><b><i>We suggest that part of the definition of engagement quality reviewer be clarified and another part removed.</i></b></p> <p><i>Explanation: We suggest to clarify that an objective assessment means that the engagement quality reviewer can't be a member of the engagement team (see ISQM 1 paragraph 18).</i></p> <p><i>Furthermore, the definition of engagement quality reviewer on page 8 states that this reviewer can be either internal or external. In our experience engagement quality reviews are carried out before publication of the audit report by persons outside the audit/engagement team but within the SAI. Given the confidential nature of certain information SAIs work with and the requirements that these types of reviewers should meet, we doubt whether it is really an option to outsource this type of review to a person outside the SAI.</i></p> <p><i>See options below</i></p>
SAI Botswana	<p><i>Sentence structure: insert comma between quality review and independent</i></p> <p><i>Will the appropriate experience and professional knowledge of the quality reviewer be determined by each SAI or will be provided for in a GUID?</i></p> <p><i>See options below</i></p>
SAI USA	<p><i>We suggest revising ISSAI 140 paragraph 14 to include the eligibility qualifications for the engagement quality reviewer required in ISQM 2 paragraph 18. We do not believe the current definition of the engagement quality reviewer in ISSAI 40 paragraph 14 is complete and consistent with ISQM 2. Specifically, we suggest the following language:</i></p> <p><i>Engagement quality reviewer – an individual or a team, within the SAI or external, that</i></p> <ul style="list-style-type: none"> <li><i>• is not a member of the engagement team;</i></li> <li><i>• has the competence and capabilities, including sufficient time, and the appropriate authority to perform the engagement quality review;</i></li> <li><i>• complies with relevant ethical requirements, including in relation to threats to objectivity and independence of the engagement quality reviewer; and</i></li> <li><i>• complies with provisions of law and regulation, if any, that are relevant to the eligibility of the engagement quality reviewer.</i></li> </ul> <p><i>We believe that the engagement quality reviewer should perform an objective (not necessarily independent) evaluation of the engagement and be independent from the audited entity.</i></p>

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	<i>See options below</i>
<b>SAI France</b>	<p><i>It may be useful to recall here that the engagement quality reviewer is a qualified external person, or a team of such people, none of whom is part of the engagement team.</i></p> <p><i>See options below</i></p>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>• From the context it is a definition, so the wording needs to be changed as it is not clear as it stands. We therefore suggest clarifying that from the context, the “engagement team” delivers the product, and the quality review is carried out by an person or group of persons independent from the person who prepares the audit. Proposed text: “14) Engagement quality reviewer. - an individual or a team, independent of the engagement team, either within or outside the SAI, with appropriate experience and professional knowledge to perform the engagement quality review.”</li> </ul> <p><i>See options below</i></p>
Text of the standard	<p><del>Engagement quality reviewer — an individual or a team, within the SAI or external, with appropriate experience and professional knowledge to perform the engagement quality review independent from the engagement team.</del></p> <p><b>Option 1</b> <i>We are proposing to take out definitions of engagement quality review and engagement quality reviewer as it added unnecessary confusion and complexity for an optional response.</i></p> <p><b>Option 2</b> <i>Add description of engagement quality review after paragraph 53 but take out definition of engagement quality reviewer</i></p> <p><b>Option 3</b> <i>Keep the amended definition in paragraph 13</i></p> <p><u><i>Our preferred option is option 1</i></u></p>
<b>SAI of</b>	<b>15</b>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>• From reading this paragraph, it is clear that these are definitions, so the correct separator is a full stop and a new line (. -); and the following word then starts with a capital letter.</li> </ul> <p><i>We are using Oxford style guide consistently</i></p>

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	<p>Furthermore, it confirms that the participation team carries out the audit, in which case the wording should be aligned with the previous paragraph, replacing the “engagement team” with the “participation team”.</p> <p><i>We think there is confusion due to translation</i></p>
<b>SAI Russia</b>	<p><i>Definition of the term “engagement team” is key for all of the IFPP documents, not only for the quality management. It seems that the term should be defined in another ISSAI, such as ISSAI 100, for example.</i></p> <p><i>We agree</i></p>
<b>AFROSAI E</b>	<p>external expert recommended to be included as part of the engagement team</p> <p><i>This would not be in line with ISSAI 2620</i></p>
Text of the standard	Engagement team – individuals performing the engagement, and any other individuals who are responsible for, or perform, procedures on the engagement, excluding an external expert and internal auditors who provide direct assistance on an engagement.
<b>SAI of</b>	<b>16</b>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>Proposed text: “16) Findings. -in relation to a system of quality management, <b>information on the design, implementation and operation of the quality management system indicates that one or more deficiencies may exist.</b>”</li> </ul> <p><i>We use “system of quality management” consistently throughout the document without switching back and forth to “quality management system” to reduce potential translation issues.</i></p>
Text of the standard	Findings – in relation to a system of quality management, information about the design, implementation and operation of the system of quality management, which indicates that one or more deficiencies may exist.
<b>SAI of</b>	<b>17</b>
<b>SAI Netherlands</b>	<p><b><i>We propose that the definition of the term “Head of SAI”, be further clarified, and a definition of the term “leadership” be included.</i></b></p> <p><i>Explanation: The definition of the term Head of SAI uses the wording “who lead or manage the institution”. This wording suggests that the leadership and the management of the institution are two separate activities that are executed by different persons. But it is not clear who exactly are meant. Does “leader” refer to the Auditor General/Board or to the highest ranking executive officer within the SAI? Furthermore, the word “leadership” is used in several places throughout the text (e.g. paragraphs 31, 36b, 36c 46c), but it is not always clear to whom this term refers.</i></p> <p><i>We think it would help SAIs if it were made clear exactly who or what is meant by “Head of SAI”, “leadership” and “management”. We believe this is in the spirit of ISQM 1, which does indicate (in paragraph 20a) who is meant by the person with ultimate responsibility and accountability for the firm’s</i></p>

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	<p>quality management system, which is the firm’s chief executive officer or the firm’s managing partner or equivalent. In our opinion, the equivalent within SAIs is the highest ranking executive officer.</p> <p>We believe that explaining exactly who is meant is consistent with the increased emphasis that ISQM 1 (and hence this revised ISSAI) places on assigning responsibilities and holding those responsible accountable. This is not possible if it is not clear who is meant to assume these responsibilities in the specific context of a SAI.</p> <p><i>This definition is deliberately broad to encompass different governance models that may exist</i></p> <p><i>Moreover, in paragraph 23 we say that the ‘Head of SAI shall take the ultimate responsibility for the system of quality management’</i></p>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>• Since this is a definition, use a full stop and a hyphen (. -) after “Head of the SAI”.</li> </ul> <p><i>We are using Oxford style guide consistently</i></p>
<b>SAI Russia</b>	<p>Definition of the term “Head of the SAI” is key for all of the IFPP documents, not only for the quality management. It seems that the term should be defined in another ISSAI, such as ISSAI 100, for example.</p> <p><i>We agree, but this is outside the scope of this project.</i></p>
Text of the standard	Head of the SAI – person or group of persons at the highest level who lead or manage the institution and who have the power to delegate authority and allocate resources within the institution.
<b>SAI of</b>	<b>18</b>
<b>SAI Uganda</b>	<p>Quality cannot be defined by meeting stakeholders’ needs; because in a SAI environment, there are competing needs of stakeholders and indeed; no SAI can issue a report that meets all stakeholders’ needs. I suggest we define quality by complying with standards and issuance of an appropriate report in the circumstances</p> <p><i>We rephrased the text to satisfy these concerns</i></p>
<b>SAI Japan</b>	<p><b>Quality</b> – the extent to which the work performed and reports issued by the SAI comply with <del>the ISSAIs or other relevant standards</del> <b>professional standards</b> and applicable legal and regulatory requirements and satisfy stakeholders’ needs. “the ISSAIs or other relevant standards” should be stipulated to define professional standards in the context of SAI because Exposure Draft of ISSAI 140 does not define professional standards. Furthermore, ISQM 1 defines professional standards as IAASB Engagement Standards, as defined in the IAASB’s Preface to the International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements, and relevant ethical requirements in Para. 16. (p). As a result, they do not contain ISSAI 3000 and ISSAI 4000 that SAIs shall comply with when they conduct ISSAI’s performance audit and compliance audit respectively.</p>

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	<i>Rephrased</i>
<b>SAI Portugal</b>	<p><i>The TdC suggests including “relevant ethical requirements”. In fact, these relate to relevant ethical requirements which normally comprise the provisions to which the SAIs and its engagements are subject. The ISSAI 130 sets out the fundamental values and principles of ethics that establish the standard of behaviour expected to be adopted and enforced by SAIs, including requirements addressing independence.</i></p> <p><i>Ethical</i></p> <p><i>Ethics is covered separately as a component of the system of quality management</i></p>
<b>SAI Netherlands</b>	<p><b><i>We suggest that the last part of the definition of quality, which refers to satisfying stakeholders’ needs, be rethought.</i></b></p> <p><i>Explanation: Quality is defined in this paragraph as: “The extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders’ needs”. Given that ISQM 1 does not include a definition of quality we assume that the project team has made up this definition. Naturally, SAIs should reach out to stakeholders and be aware of stakeholders’ needs and expectations But we have doubts about including stakeholder satisfaction in the definition of quality. The reasons behind these doubts are:</i></p> <p><i>(1) SAIs have a large number of stakeholder groups, which all have their needs and expectations regarding the work performed and the reports issued by the SAI. These needs and expectations can be conflicting, which is also acknowledged in the literature on SAIs. Therefore satisfying all stakeholder needs (and at the same time) does not seem to be a feasible goal for a SAI.</i></p> <p><i>(2) In addition, it may be asked whether SAIs can and should strive to satisfy all stakeholder’s needs given that in many cases they provide an involuntary service/product (rather than a requested or desired service/product) to certain stakeholders, especially to auditees. An audit report can be of high technical quality (well written, substantiated and so on) and of strategic quality (i.e. concern a relevant subject and be issued on a timely basis), but that does not alter the fact that an audit report might not be well received by auditees because it reveals deficiencies and brings problem areas to light and/or raises questions from Parliament to the responsible minister, and that auditees are therefore not satisfied with it.</i></p> <p><i>(3) A SAI’s audits could lead to conclusions and recommendations that do not meet the expectations and needs of specific stakeholders (e.g. interests groups).</i></p> <p><i>We rephrased the text to satisfy these concerns</i></p>
<b>SAI South Africa</b>	<p><i>ISQM does not have a definition for ‘quality’ or ‘audit quality’, and there is a risk that the definition in the ISSAI might be incomplete. For example, it might need to include a reference to ethics as requirements in standards and legislation might have been complied with, but an audit failure might still occur due to a lack of independence. While ‘professional standards’ may include a code of ethics, it might be useful to specify a code of ethics in addition to the auditing standards or the fact that ISSAI includes the Code of Ethics.</i></p>

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	<i>Ethics is covered separately as a component of the system of quality management</i>
<b>SAI USA</b>	<i>in our view the definition of quality (i.e., “the extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders’ needs”) should omit “and satisfy stakeholders’ needs” to avoid confusion about stakeholder roles and the potential for threats to the SAI’s independence. We also believe that ISSAI 140 paragraph 40f (i.e., “audit reports are appropriate and satisfy stakeholders’ needs”) should also omit “and satisfy stakeholders’ needs” for this reason. We rephrased the text to satisfy these concerns</i>
<b>SAI Norway</b>	Quality is defined as «the extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders’ needs». In our opinion, the concept of quality should be clearly anchored in INTOSAI-P 12, Principle 11: Striving for service excellence and quality. In our opinion, the proposed definition emphasises compliance and stakeholder needs, while key professional and analytical elements/ processes are not given the necessary attention <i>We prefer to anchor the definition around the outcomes</i>
SAI Ecuador	• Proposed text: “18) Quality. - <b>The extent to which the work carried out and the reports issued by the SAI comply with the applicable professional standards and legal and regulatory requirements; and satisfy the needs of interested parties.</b> ” <i>Style preference.</i>
SAI Algeria	In addition to professional standards, international best practice in this field may also be taken into account. <i>We prefer not to expand the definition further.</i>
Text of the standard	Quality – the extent to which the work performed and reports issued by the SAI: <b>a) <u>comply with ISSAIs or other relevant professional standards and applicable legal and regulatory requirements,</u> and</b> <b>b) <u>address/satisfy stakeholders’ expectations without compromising the SAI’s independence needs.</u></b>
<b>SAI of</b>	<b>19</b>
<b>SAI Algeria</b>	<i>The concept of quality objectives as described in the paragraph is clear and concise. However, it might be helpful to provide more context to illustrate how quality objectives are established and aligned with the organisation's overall objectives. We think that the application material under organisational requirement 2 provides sufficient context and illustration</i>

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<b>SAI USA</b>	<p><i>We suggest modifying paragraph 19 to state that the quality objectives are associated with “components of the quality management system relating to governance and leadership; fulfilment of the SAI’s responsibilities in accordance with ethical requirements; acceptance, initiation, and continuance of engagements; performing engagements and issuing audit reports; SAI resources; and information and communication.” We believe this will help to clarify the relationship between quality objectives and quality components.</i></p> <p><i>We believe that changes to paragraph 32 address this concern</i></p>
<b>SAI Canada</b>	<p><i>Definition of quality objectives - Quality objectives are desired outcomes to be achieved by the SAI in relation to the components of the system NOT to be achieved by the components of the system of quality management. The concept of the SAI’s responsibility should be emphasized here as it is the SAI who is responsible to achieve the quality objectives.</i></p> <p><i>Agreed. Rephrased to address comment.</i></p>
Text of the standard	Quality objectives – desired outcomes to be achieved by <u>the SAI in relation to</u> the components of the system of quality management.
<b>SAI of</b>	<b>20</b>
<b>SAI Poland</b>	<p><i>Can the quality risk affect achievement of quality objectives ‘adversely’ only? Possibly a broader scope of directions and side effects should be taken into account.</i></p> <p><i>Discussion of positive risk would unnecessarily add complexity and confusion</i></p>
<b>SAI Costa Rica</b>	<p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are using Oxford style guide consistently</i></p>
<b>SAI Russia</b>	<p><i>Current version:</i></p> <p><i>“Quality risk – a risk that has a reasonable possibility of:</i></p> <ul style="list-style-type: none"> <li><i>• occurring, and</i></li> <li><i>• individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives”.</i></li> </ul> <p><i>At the same time, any kind of risk has a possibility of occurring.</i></p> <p><i>It would be better to formulate the paragraph in the following way, which corresponds to the paragraph 44:</i></p>

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	<p>“Quality risk – a risk that has a reasonable possibility of <u>both</u>:</p> <ul style="list-style-type: none"> <li>• occurring, and</li> <li>• individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives”. <p><i>Agreed. Edit made.</i></p> </li></ul>
<b>SAI Hungary</b>	<p>“individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives” – Punctuation is missing at the end of the sentence.</p> <p><i>Agreed. Edit made.</i></p>
Text of the standard	<p>Quality risk – a risk that has a reasonable possibility of <u>both</u>:</p> <ol style="list-style-type: none"> <li>a. occurring, and</li> <li>b. individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives.</li> </ol>
<b>SAI of</b>	<b>21</b>
<b>SAI Peru</b>	<p><i>It is suggested to modify the definition of preventive risks, eliminating "directed at the root cause of the risk", as follows:</i></p> <p>Preventive: designed and implemented to prevent the risk from occurring, <del>aimed at the root cause of the risk.</del></p> <p><i>It is suggested that " aimed at the root cause of the risk" be included in the definition of corrective risks, as follows:</i></p> <p>Corrective: designed and implemented to mitigate the effects of an <del>occurring risk and to prevent it from happening again</del> <u>risk that has occurred and to prevent its recurrence, directed at the root cause of the risk.</u></p> <p><i>We rephrased as the additional information was creating confusion and was not assisting in understanding the standard</i></p>
<b>SAI Jamaica para 21</b>	<p>a) <i>Should the polices and procedures be clearly identified in separate points? Clarification is needed.</i></p> <p><i>They are not meant to be separate paragraphs, but support the definition of “response”</i></p> <p>b) <i>Additionally, point a and b should have adequate spacing</i></p> <p><i>Fixed.</i></p>
<b>SAI Costa Rica</b>	<p>...</p> <ol style="list-style-type: none"> <li>a. preventive: designed and implemented to prevent the risk from occurring, aimed at the root cause of the risk;</li> <li><u>b. Detective: designed and implemented to identified, analyse and evaluate the risk.</u></li> <li><del>cb.</del> <u>C</u>orrective...</li> </ol> <p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p>



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	<p><i>We are using Oxford style guide consistently</i></p> <p><b>The SAI also added picture from ISO 31000 2018 model of Risk management process</b></p> <p><i>We rephrased as the additional information was creating confusion and was not assisting in understanding the standard</i></p>
SAI Ecuador	<p>• Proposed text: “<b>Response. - Policies, procedures and actions, designed and implemented by an SAI within the quality management system, to address one or more quality risks</b>”. The procedures are actions to implement the policies, and can be:</p> <p>a) preventive: designed and implemented to avoid risk; aimed at the root cause of that risk;</p> <p>b) corrective: designed and implemented to mitigate the effects of “an occurring risk” and <b>prevent it from occurring again</b>”.</p> <p><i>We rephrased as the additional information was creating confusion and was not assisting in understanding the standard</i></p>
AFROSAI E	<p>Para 21 suggest including (c) detective</p> <p><i>We rephrased as the additional information was creating confusion and was not assisting in understanding the standard</i></p>
SAI Botswana	<p>The word “prevent” used in defining preventive: suggested synonym Avert OR Deter</p> <p><i>We rephrased as the additional information was creating confusion and was not assisting in understanding the standard</i></p>
Text of the standard	<p>Response – policies and procedures designed and implemented by a SAI, and actions undertaken within the system of quality management to address one or more quality risks.</p> <p><del>a) pPolicies are statements of what should, or should not, be done to address a quality risk-; Such statements may be documented, explicitly stated in communications or implied through actions and decisions;</del></p> <p><del>b) pProcedures are actions to implement policies.</del></p> <p><del>These can be:</del></p> <p><del>a. preventive: designed and implemented to prevent the risk from occurring, aimed at the root cause of the risk;</del></p> <p><del>b. corrective: designed and implemented to mitigate the effects of “an occurring risk” and to prevent it from happening again.</del></p>
SAI of	<b>22</b>
SAI Algeria	<p><i>In order to make the passage easier to understand, it would be helpful to provide additional context on the SAI's operational environment. This could include factors such as the SAI's size, its organisational structure, the complexity of its tasks, and the specific challenges it faces. Taking these contextual elements into account, the reader can better understand how the quality management system is adapted to the SAI's unique circumstances, thus ensuring that it is effective and relevant.</i></p>

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	<i>We have done some fine tuning to enhance clarity in this respect</i>
SAI Portugal	<i>The TdC suggests including: The governance and leadership component of the quality management system establishes the environment that supports the design, implementation, and execution of the risk management system quality. In our view this concern is addressed by paragraph 23 together with paragraph 36</i>
SAI Peru	<i>It is suggested to add the sentence highlighted in bold: “The SAI shall design, implement, and operate a system of quality management taking into account the changing nature and circumstances of the SAI; <b>as well as the political, economic and social environment.</b> The system shall ...” In our view this is covered by the nature and circumstances of the SAI, we have done some fine tuning to enhance clarity</i>
SAI Netherlands	<i><b>We suggest that the number of references to the changing nature and circumstances of SAIs be rethought.</b> Explanation: We noticed that in this paragraph, and over 10 times in the text as a whole, reference is made to “the changing nature and circumstances” of the SAI. This is of course something SAIs should continually consider, but it seems a bit much to mention it so often, also in light of the fact that there are fewer references to this in ISQM 1 itself. An analysis of the SAI’s environment could also be part of its risk assessment process as referred to in paragraph 24. We are trying to emphasise in this standard that the environment in which a SAI operates is not static, but dynamic</i>
SAI Botswana	<i>How will the quality management review be documented? Will standard working papers be developed as well as a guide on how the assessment of quality risks and responses will be communicated, e.g. in the form of a report? The SAI may choose how to document it in line with requirement 7</i>
SAI Ukraine	<i>In our opinion, engagements covered by the ISSAIs is a limit of the principle of the SAI’s organizational independence, therefore it is advisable to expand the possible activities to those provided by the mandate of the SAI. ‘Jurisdictional and other activities addresses’ this concern</i>
IDI	<i>It is not clear as to what is covered by the term ‘operational activity’. It may be good to define this. We aligned the wording with paragraph 1</i>
SAI Canada	<i>To be consistent with paragraph 33, the wording “or changes in its engagements” should be added. “The SAI shall design, implement, and operate a system of quality management taking into account the changing nature and circumstances of the SAI <b>or changes in its engagements.”</b></i>

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	<i>Agreed. Edit made.</i>
SAI Ecuador	<ul style="list-style-type: none"> <li>The SAI should design, implement and operate a system of quality management taking into account the changing nature and circumstances of the SAI. The system shall cover all types of engagements covered by ISSAI and include jurisdictional and other activities carried out by the SAI. The system should be integrated into the SAI’s operational activities.</li> </ul> <p>The SAI will form a Quality Management Committee, composed of: The head of the SAI or their delegate; b) Process managers.</p> <p><i>Such a requirement would not necessarily work for all SAIs</i></p>
SAI Hungary	<p>“The system shall cover all types of engagements covered by the ISSAIs and may also cover jurisdictional and other activities...” – <i>very repetitive sentence, rephrasing is suggested.</i></p> <p><i>Rephrased.</i></p>
Text of the standard	<p>The SAI shall design, implement, and operate a system of quality management taking into account the changing nature and circumstances <del>of in which</del> the SAI <u>operates, and changes in its engagements</u>. The system shall cover all types of engagements covered by the ISSAIs and <del>may also cover</del> jurisdictional and other activities carried out by the SAI. The system shall be integrated into the SAI’s operations <u>sal activity</u>.</p>
SAI of	<b>23</b>
SAI Algeria	<p><i>The passage states that the SAI Head has ultimate responsibility for the quality management system. Although this statement recognises the role and responsibility of the SAI Head, it lacks clarity and context.</i></p> <p><i>In order to provide a more comprehensive response, it would be helpful to clarify the responsibilities and specific actions that the SAI Head should undertake with regard to the quality management system.</i></p> <p><i>Developing the specific duties and expectations of the SAI Head in relation to the quality management system would make it easier to understand their crucial role in promoting and maintaining quality practices within the institution.</i></p> <p><i>This statement is deliberately broad to encompass different governance models that may exist</i></p>
SAI Netherlands	<p><b>We suggest that who is meant by the term “Head of SAI” (used in this paragraph) be clarified by expanding the definition of this term in Section 4, Definitions</b></p> <p><i>Explanation: Please see our comments on paragraph 17.</i></p> <p><i>This statement is deliberately broad to encompass different governance models that may exist</i></p>

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<b>IDI</b>	<p><i>We suggest highlighting ‘accountability’ aspect in the main requirement, similar to ISQM 1.</i></p> <p><i>As the intention of the standard is to differentiate between ultimate and operational responsibility, we suggest rephrasing of 28.a . The current phrasing creates the impression that Head of SAI can delegate responsibility for the entire system.</i></p> <p><i>We deliberately avoided using the word ‘accountability’ to avoid any threats to independence</i></p>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>• The head of the SAI will assign responsibilities and roles to ensure that the quality management system functions well.</li> </ul> <p><i>This is indeed explained in paragraph 28</i></p>
Text of the standard	The head of the SAI shall take the ultimate responsibility for the system of quality management.
<b>SAI of</b>	<b>24</b>
<b>SAI Algeria</b>	<p><i>Although the passage provides a general overview of the SAI's responsibility for risk assessment, there is a lack of additional detail that could improve the actual meaning. In order to provide a more comprehensive perspective, it would be helpful to clarify the key elements and steps involved in the risk assessment process.</i></p> <p><i>This is covered in requirements 2 to 4</i></p>
<b>SAI Peru</b>	<p><i>It is indicated that the SAI should design and implement a risk assessment process to <b>establish quality objectives</b>. It is suggested to evaluate this content since the purpose of the risk assessment is not to establish objectives</i></p> <p><i>We fine tuned the wording. Having said that, please note that in line with ISQM1 the risk assessment component in this standard is based on COSO’s ERM.</i></p>
<b>SAI Austria</b>	<p><i>The process described herein concerns not only risk assessment, but also the establishment of quality objectives and envisages thereby a wider process. We therefore suggest to delete “risk assessment”. The revised sentence would then read: “The SAI shall design and implement a <del>risk-assessment</del> process to establish quality objectives, identify and assess quality risks, and design and implement responses to address the quality risks.”</i></p> <p><i>We fine tuned the wording. Having said that, please note that in line with ISQM1 the risk assessment component in this standard is based on COSO’s ERM</i></p>
<b>SAI Netherlands</b>	<p><b>We propose that the wording of this paragraph be rethought.</b></p> <p>Explanation: The first part of the sentence reads: “The SAI shall design and implement a risk assessment process to establish quality objectives, identify and assess quality risks [...]”. We know that this wording is derived directly from ISQM 1, paragraph 23, but it is confusing as it could suggest that risk assessment should take place before quality objectives are set.</p>

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	<i>We fine tuned the wording. Having said that, please note that in line with ISQM1 the risk assessment component in this standard is based on COSO's ERM</i>
SAI Botswana	<i>How will the quality management review be documented? Will standard working papers be developed as well as a guide on how the assessment of quality risks and responses will be communicated, e.g. in the form of a report? The SAI may choose how to document in line with requirement 7</i>
SAI Costa Rica	<i>The SAI shall design and implement a risk assessment process to establish quality objectives, identify and <u>analyse, and</u> evaluate <del>assess</del> quality risks <u>throughout risk assessment</u>, and design and implement responses to address the quality risks. We are suggesting this change based on the model of ISO 31000:2018 We fine tuned the wording. Having said that, please note that in line with ISQM1 the risk assessment component in this standard is based on COSO's ERM</i>
SAI Ecuador	<ul style="list-style-type: none"> <li>Proposed text: "The SAI shall design and implement a risk assessment process to set quality objectives, identify and assess quality risks; and design and implement responses to address quality risks"... to address the quality risks <u>and create a quality risk mitigation plan</u></li> </ul> <i>Please bear in mind that the risk assessment process is separate from monitoring and remediation process</i>
Text of the standard	The SAI shall design and implement a risk assessment process to: <ul style="list-style-type: none"> <li><u>a)</u> -establish quality objectives;<del>i</del></li> <li><u>b)</u> identify and assess quality risks;<del>i</del> and</li> <li><del>a)c)</del> design and implement responses to address the quality risks.</li> </ul>
SAI of	<b>25</b>
SAI Algeria	<i>Overall, the passage effectively stresses the importance of aligning the objectives of the quality management system with the principles, ethics and competence requirements described in the relevant ISSAIs. This alignment helps to ensure that the SAI maintains its independence, performs audits of sufficient quality, and meets professional standards. thanks</i>
SAI Japan	<b>The system of quality management shall include the objectives relevant to assure that the SAI has the necessary independence and is able to carry out its audit work in sufficient quality in accordance with the ISSAIs <u>or other relevant standards</u>. The SAI shall incorporate into the system of quality management the objectives that are relevant to ensure compliance with the principles and organisational requirements of ISSAI 130 - Code of Ethics</b>

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	<p>and ISSAI 150 – Auditor Competence as well as the ISSAIs <u>or other relevant standards</u> applicable to the individual engagements. <i>As mentioned in the comment on Para. 2, the scope of assurance in the system of quality management should contain not only the ISSAIs but also “other relevant standards”.</i></p> <p><i>Agreed. Edit made.</i></p>
SAI Portugal	<p><i>The concept of <b>sufficient quality</b> mentioned in this section is not very clear in our perspective</i></p> <p><i>Rephrased</i></p>
SAI Botswana	<p><i>Maybe separate the objectives of SAI independence from the objectives of auditor independence as each carry their own significant importance to the quality of audit, and maybe reference the INTOSAI P- 10 Mexico Declaration on SAI independence on this paragraph to guide the user on where they can find the requirements for SAI independence.</i></p> <p><i>Please bear mind that ISSAI 140 is an organisational level standard. This would be more appropriate for an engagement level pronouncement</i></p>
SAI Norway	<p><i>Comment:</i></p> <p><i>The term ‘sufficient quality’ may generate internal, less fruitful discussions on what is deemed sufficient or not. May we suggest changing the sentence along these lines; "that the SAI (...) is able to carry out quality audit work <u>in accordance with the ISSAIs.</u>"</i></p> <p><i>Rephrased</i></p>
Text of the standard	<p><del>The system of quality management shall include the objectives relevant to assure that the SAI has the necessary independence and is able to carry out its audit work in sufficient quality in accordance with the ISSAIs.</del>—The SAI shall incorporate into the system of quality management the objectives that are relevant to ensure <u>its independence and ability to carry out high quality work in</u> compliance with the principles and organisational requirements of ISSAI 130 - Code of Ethics and ISSAI 150 – Auditor Competence as well as the ISSAIs <u>or other relevant standards</u> applicable to the individual <u>audits engagements and other work.</u></p>
SAI of	26
SAI Poland	<p><i>This paragraph should be consistent with the above definition of organizational culture so as to make the reader understand how culture can be strong or weak.</i></p> <p><i>Rephrased</i></p>

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SAI Netherlands	<p><b>We suggest to clarify that “culture” refers to the culture within the SAI.</b></p> <p><i>Explanation: The current sentence simply states “culture” and this does not clarify which culture is meant. Although this term is defined in the definitions section, we think it would be clearer if it were mentioned in this paragraph that it refers to the culture within the SAI.</i></p> <p><i>Rephrased</i></p>
SAI Ecuador	<ul style="list-style-type: none"> <li>• Insert the term “organisational culture”.</li> <li>• The SAI will establish and implement a quality policy that is appropriate for the SAI’s purpose and context.</li> </ul> <p><i>Rephrased</i></p>
Text of the standard	<p><u>Quality management is not a separate function of the SAI; it is the integration of an organisational culture that demonstrates a commitment to quality within the SAI’s strategy, operations and processes. As a result, designing the system of quality management and the SAI’s operations and processes in an integrated manner may promote a harmonious approach to managing the SAI, and enhance the effectiveness of quality management.</u> A strong <u>organisational</u> culture supports the design, implementation and operation of the system of quality management in achieving the SAI’s quality objectives.</p>
SAI of	<b>NEW</b>
SAI Ukraine	<p><i>We propose to add paragraph A30 ISQM 1 after this paragraph:</i></p> <p><i>‘Quality management is not a separate function of the SAI; it is the integration of a culture that demonstrates a commitment to quality with the firm’s strategy, operational activities and processes set up in SAI. As a result, designing the system of quality management and the SAI’s operational activities and processes in an integrated manner may promote a harmonious approach to managing the SAI, and enhance the effectiveness of quality management’</i></p> <p><i>We integrated within paragraph 27.</i></p>
SAI of	<b>27</b>
SAI Peru	<p><i>Mention is made of the purpose of the management system, which is developed in paragraph 31 (last 3 lines: The system of quality management serves to assure the SAI leadership that the audits are carried out in accordance with the ISSAIs that are applicable to the individual audits.). It is suggested that the purpose of the management system be developed in paragraphs prior to paragraph 21.</i></p> <p><i>Purpose of system of quality management ties more to principles in paragraph 8</i></p>
SAI Botswana	<p><i>Reconstruct sentence to avoid repetition of the phrase ‘system of quality management’ Suggested paraphrase: ...Responsibility for the system of quality management involves understanding <del>its the purpose of the system of quality management</del> in the SAI...</i></p>

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	<i>Agreed. Edits made.</i>
Text of the standard	Responsibility for the system of quality management involves understanding <del>its the purpose of the system of quality management</del> in the SAI and putting in place an appropriate system of governance to oversee <del>its the operation of the system.</del>
SAI of	<b>28</b>
SAI Finland	<i>In smaller organizations, if there is a same individual who handles the roles described in paragraph 28a and 28b, could this lead to a potential conflict of interest? Similarly in paragraph 65: Can the same person who operates the system of quality management, evaluate and conclude on the objectives met? Yes, but smaller SAIs have to be pragmatic about it and how to ensure objectivity and independence of mind</i>
SAI Peru	<i>The paragraph states " In smaller SAIs, all these responsibilities may be assigned to the same individual. ". It might be necessary to specify precisely which SAI would be considered "small" ? Rephrased</i>
SAI Poland	<i>Regarding item b): supporting independence and taking part in monitoring are important elements of the task, but usually the most critical for ethics is to assure the quality of outputs in relation to the expected outcomes. Rephrased</i>
SAI Netherlands	<b>We suggest that who is meant by the term "Head of SAI" (used in this paragraph) be clarified by expanding the definition of this term in Section 4, Definitions</b> <i>Explanation: Please see our comments on paragraph 17. We suggest that paragraph 28 be split into three paragraphs, instead of the current two, to be consistent with ISQM 1. Explanation: In our opinion, the current wording of paragraph 28 can be confusing and is not entirely consistent with ISQM 1. Paragraph 20 of ISQM 1 makes a clear distinction into three paragraphs (20a, b and c) with regard to responsibilities for the quality management system, which in our opinion is formulated more clearly and makes a better distinction between the various levels of responsibility (e.g. ultimate responsibility and accountability for the quality management system, operational responsibility for the quality management system, and operational responsibility for specific aspects of the quality management system, including compliance with independence requirements and the monitoring and remediation process). In our opinion, this distinction is also important in light of the monitoring and remediation process and the evaluation of the quality management system. Please also see our comments on paragraph 64. This statement is deliberately broad to encompass different governance models that may exist</i>



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<b>SAI Costa Rica</b>	<i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence. We are using Oxford style guide consistently</i>
<b>SAI Ukraine</b>	<i>Please, clarify in point (a) the definition of responsibility as it is done in paragraph 53 ISQM 1 – ultimate responsibility Ultimate responsibility stays with the Head of SAI in accordance with paragraph 23</i>
<b>IDI</b>	<i>“In smaller SAIs, all these responsibilities may be assigned to the same individual.” Since there are operational responsibilities which are incompatible with another due to the objectivity and independence requirements (e.g., EQR, monitoring and remediation process), the statement above may create quality risk, or may constitute deficiency in the system. We suggest modifying the statement that for smaller SAIs, some of the <u>compatible</u> responsibilities may be assigned to the same individual, or some of the operational responsibilities may be discharged through engagement of external parties (e.g., regional support approach). Rephrased</i>
<b>SAI Canada</b>	<i>This paragraph should be a requirement See our response to comments to Explanatory Memorandum</i>
<b>SAI Ecuador</b>	<i>• To make the quality management system work, the head of the SAI can assign roles and responsibilities, where these individuals are accountable for how they exercise their responsibilities. Rephrased</i>
<b>SAI Russia</b>	<i>“&lt;...&gt; In smaller SAIs, all these responsibilities may be assigned to the same individual”. Here and below: it is not clear what is meant by the term “smaller SAI”. It would be useful to have an explanation. Rephrased</i>
<b>Text of the standard</b>	To operate the system of quality management, the head of the SAI may assign responsibilities to individuals for the system and hold them accountable for the way they exercise those responsibilities. This may involve assigning to: a. a person or group of persons such as the most senior official or group of officials the responsibility and accountability for the system of quality management; b. a person or group of persons the operational responsibility for specific aspects of the system, <u>including such as</u> compliance with independence

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	<p>requirements, and the monitoring and remediation process.</p> <p><del>In smaller SAIs, all</del><u>In less complex SAIs,</u> these responsibilities may be assigned to the same individual.</p>
SAI of	29
SAI Netherlands	<p><b><i>We strongly suggest that a sentence or paragraph (either in this paragraph and/or in the section on the monitoring process) be added about the objectivity of the individuals responsible for the monitoring process, to be consistent with ISQM 1 and not set the bar lower than the current ISSAI 140.</i></b></p> <p><i>Explanation: This paragraph states, consistent with ISQM 1, paragraph 39a that individuals to whom certain responsibilities are assigned should have the appropriate experience, knowledge, influence and authority, and sufficient time to fulfil them to the required standard, and that they should understand the roles to which they are assigned and how they are accountable. But another important aspect mentioned in ISQM 1, paragraph 39b has not been included, neither here nor in the section on the monitoring process. ISQM 1, paragraph 39b reads: “The firm shall establish policies or procedures that address the objectivity of the individuals performing the monitoring activities. Such policies or procedures shall prohibit the engagement team members or the engagement quality reviewer of an engagement from performing any inspection of that engagement”. In comparison, this aspect is included in the current ISSAI 140 (page 21, point c) as “The monitoring process should require that those carrying out the review are independent (i.e. they have not taken part in the work or any quality control review of the work)”. We strongly suggest that the requirement from ISQM, paragraph 39b be included here and/or in the section on the monitoring process (page 22-24), as we believe objectivity is an essential precondition for the monitoring process.</i></p> <p><i>Addressed in Requirement 5</i></p>
SAI Costa Rica	<p><i>*fulfill: add one more “l” at the end.</i></p> <p><i>This is US English, we are consistently using UK English</i></p>
SAI Hungary	<p><i>Auxiliary verbs are suggested to be added in order to be consistent with the language used in other sections and to reflect the binding nature: “ The individuals assigned those responsibilities shall have the appropriate experience, knowledge, influence and authority, and sufficient time to fulfil them to the required standard. They must understand the roles to which they are assigned and how they are accountable.”</i></p> <p><i>This paragraph belongs to Application material and has no binding nature as such. We therefore suggest to rephrase it to avoid confusion with Requirements section.</i></p>

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Text of the standard	<p><del>The individuals</del>When assigned these responsibilities and accountability for the system of quality management or specific aspects of it, the head of the SAI may consider whether the person or group persons possesses <del>have the</del> appropriate experience, knowledge, influence and authority, and sufficient time to fulfil <del>them to the required standard.</del> assigned responsibilities, and if <del>T</del>they understand the roles to which they are assigned and how they <del>are</del>will be held accountable.</p> <p><i>We suggest to rephrase this paragraph so it does not sound like a requirement</i></p>
SAI of	30
SAI Algeria	<p><i>This independence must therefore be consolidated and strengthened by a solid legal framework governing each SAI at national level.</i></p> <p><i>We agree, however this is not something we can address in the scope of this standard</i></p>
SAI Jamaica	<p><i>INTOSAI-Ps most notably in INTOSAI P-10 Mexico (Would this impact/applicable other SAIs across the world).</i></p> <p><i>Yes, it is applicable to all SAIs across the world</i></p>
Text of the standard	The independence of a SAI is a prerequisite for carrying out high quality work. The INTOSAI principles on independence are outlined in the INTOSAI-Ps, most notably in INTOSAI P-10 Mexico Declaration on SAI Independence.
SAI of	31
SAI Poland	<p><i>A risk exists that compliance can be obtained in a formal way, without consideration for the quality of outputs and final outcomes. Consider adding to this paragraph a phrase emphasizing that assuring compliance should be a concerted effort withing obtaining the SAIs’ objectives.</i></p> <p><i>We moved this paragraph which addressed this comment as well</i></p>
SAI Netherlands	<p><b><i>We suggest that the last part of the definition of quality, which refers to satisfying stakeholders’ needs, be rethought.</i></b></p> <p><i>Explanation: Please see our comments on paragraph 18.</i></p> <p><b><i>We suggest that who is meant with the term “leadership” (used in this paragraph) be clarified by including a definition of this term in Section 4, Definitions.</i></b></p> <p><b><i>Explanation: Please see our comments on paragraph 17.</i></b></p> <p><i>Rephrased</i></p>
SAI Botswana	<p><i>Sentence structure: cancel the word and, insert comma between professional behaviour and confidentiality ( sentence no.4)</i></p> <p><i>Agreed, edits made.</i></p>

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SAI Turkiye	<i>It is considered that Paragraph 31 on page 12 should be placed under “Establishing Quality Objectives” heading. Agreed, edits made.</i>
SAI Russia	<i>It seems to be redundant to describe the scope of the other standards in the text of ISSAI 140. We agree, however it was felt that it is important to recall these principles here</i>
Text of the standard <b>MOVE BETWEEN 34 AND 35</b>	For a SAI that carries out <del>audits-engagements</del> in accordance with ISSAIs, the ISSAIs will provide an important basis for establishing quality objectives. For example, ISSAI 130 provides principles of integrity, independence and objectivity, competence, professional behaviour, and confidentiality and transparency in the context of ethics. ISSAI 150 establishes organisational requirements on auditor competencies. Compliance with these principles and organisational requirements are relevant objectives when establishing the SAI’s <u>system of</u> quality management <del>system</del> . Within the ISSAIs, different requirements are applicable at the level of individual engagements to financial audits, compliance audits and performance audits. The system of quality management serves to assure the SAI <del>leadership</del> that the <del>audits-engagements</del> are carried out in accordance with the ISSAIs that are applicable to the individual engagements.
SAI of	<b>32</b>
SAI Japan	<b>The SAI shall establish quality objectives appropriate to its circumstances that the system of quality management is intended to address. The quality objectives are associated with governance and leadership; fulfilment of the SAI’s responsibilities in accordance with ethical requirements; acceptance, initiation, and continuance of engagements; performing engagements <del>and issuing audit reports</del>; SAI resources; and information and communication.</b> <i>As mentioned in the comment on Para. 8, “and issuing audit reports” should be eliminated because issuing audit reports is included in engagement by definition. Agreed, change made.</i>
SAI Poland	<i>‘Planning’ or ‘designing’ seems necessary between acceptance and initiation. Planning/designing are part of engagement performance</i>
SAI Botswana	<i>Sentence structure: cancel the word its between appropriate to and circumstances Rephrased</i>
SAI Ukraine	<i>According to paragraph 24 of this project, quality objectives are established in the process of risk assessment. At the same time, in this paragraph, where the quality objectives are established, nothing is said about the connection of the established objectives with the risk assessment. This is an expansion of the requirements in paragraph 24</i>

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SAI Ecuador	<p>· Proposed text: “The SAI shall establish quality objectives appropriate to its circumstances. Quality objectives relate to governance and leadership; fulfilling the SAI’s responsibilities in line with ethical requirements; acceptance, initiation and continuation of audit processes; carrying them out and issuing audit reports; the SAI’s resources; and information and communication”.</p> <p><i>Agree, edits made.</i></p>
Text of the standard	<p>The SAI shall establish quality objectives, appropriate to its <u>nature and the circumstances in which it operates</u>, that the system of quality management is intended to address. The quality objectives <u>shall be associated with each of the components of</u> governance and leadership; <u>fulfilment of the SAI’s responsibilities in accordance with relevant</u> ethical requirements; acceptance, initiation, and continuance of engagements; performing engagements <del>and issuing audit reports</del>; SAI resources; and information and communication.</p>
SAI of	<b>33</b>
IDI	<p><i>Should there be an additional sentence requiring the SAI to change the quality objectives if so required after the assessment ?</i></p> <p><i>Indeed. Added to this requirement.</i></p>
SAI Ecuador	<p>· Suggested wording: “The SAI will assess whether the quality objectives need to be adapted to reflect changes related to the nature of the objectives, the circumstances under which their activities take place, or changes in their level of involvement.”</p> <ul style="list-style-type: none"> <li>• <i>The SAI will regularly assess whether there is a need to modify the quality objectives to reflect changes in the nature and circumstances of the SAI or its involvement.</i></li> </ul> <p><i>Rephrased</i></p>
Text of the standard	<p>The SAI shall assess whether changes to quality objectives are needed to reflect changes in the nature and circumstances <u>in which of</u> the SAI <u>operates and/or</u> its engagements. <u>If such changes are needed, the SAI shall establish additional quality objectives or modify quality objectives already established.</u></p>
SAI of	<b>34</b>
SAI Japan	<p>Laws, regulations <u>and ISSAIs or other relevant</u> <del>professional</del> standards may create a requirement for specific quality objectives. <i>As mentioned in the comment on Para. 18, “the ISSAIs or other relevant standards” should be stipulated to define professional standards in the context of SAI.</i></p> <p><i>In this paragraph standards other than ISSAIs are meant, such as requirements of professional bodies</i></p>
SAI Netherlands	<p><b><i>We propose that a definition of the term “professional standards” (used in this paragraph) be included in section 4, Definitions.</i></b></p>

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	<p><i>Explanation: The project team has decided not to include a definition of the term professional standards, as it is assumed to be self-explanatory. However, ISQM 1 does contain a definition of this term. Considering that the term is used 6 times in the text, is used in the definition of the term “quality” and confusion may arise with the standards that are part of the IFPP, we propose that a definition of the term be included.</i></p> <p><i>Per comments from Japan, professional standards were removed from the draft.</i></p>
Text of the standard	Laws, regulations and <del>professional</del> <u>other relevant</u> standards may create a requirement for specific quality objectives.
SAI of	<b>35</b>
SAI Peru	<p>It is stated in the paragraph:  <i>“When establishing quality objectives, it is advisable for the SAI to consider:  a. the context of its work and how it impacts its quality objectives;”</i></p> <p>In this regard, we consider that, being at the stage of establishing quality objectives, determining how it affects something that has not yet been established would not be appropriate.</p> <p><i>Rephrased</i></p>
SAI Botswana	<p><i>Sentence structure: cancel the word <del>its</del> between how it impacts and quality objectives. Rephrase ...the context of <del>it’s the</del> work and how it impacts the quality objectives</i></p> <p><i>Rephrased</i></p>
SAI Sweden	<p><i>Quite fuzzy and difficult to understand what it would be like in reality. Could possibly be solved with a preamble.</i></p> <p><i>Rephrased</i></p>
SAI Ecuador	<p>· b) the need for quality objectives to be separated <u>into specific objectives, to make it easier for the SAI to</u> identify and assess the risks to the quality objectives and to establish appropriate responses.</p> <p><i>Rephrased</i></p>
Text of the standard	<p><del>When establishing quality objectives, it</del> is advisable for the SAI to consider:  <del>a.</del> the context of its work <del>and</del> how it <u>may</u> impacts its quality objectives.  <del>b.</del> <del>t</del></p>

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<p><b>SPLIT INTO TWO PARAGRAPHS</b></p>	<p><del>The SAI may also</del> <del>he need for quality objectives to be</del> separated <u>quality objectives</u> into sub-objectives to facilitate the SAI’s identification and assessment of risks to the quality objectives and to establish appropriate responses.</p>
	<p><b>NEW</b></p>
	<p><u>The SAI decides the appropriate frequency for assessing whether changes to quality objectives are necessary.</u> <i>See edits and comments made to paragraph 45.</i></p>
<p><b>SAI of</b></p>	<p><b>36</b></p>
<p><b>SAI Portugal</b></p>	<p><i>The TdC agrees. The relevance in the existence of adequate organizational resources to implement and assume the SAI's commitment to quality is highlighted.</i> <i>Thanks</i></p>
<p><b>SAI Peru</b></p>	<p><i>In paragraphs b and c, mention is made of " leadership", however, in the definitions only the Head of the SAI is mentioned. It is suggested to define " leadership" and if it is equivalent to the "Head of the SAI", to unify the terms in the document.</i> <i>The forms of leadership may vary in accordance with the structure of individual SAIs, as such, a definition may cause more confusion than clarity. We included a paragraph to provide additional insight on leadership</i></p>
<p><b>SAI Poland</b></p>	<p><i>Regarding item a): again, understanding of what should be demonstrated depends on the definition of ‘organizational culture’.</i> <i>Agree. Change made.</i></p>
<p><b>SAI Netherlands</b></p>	<p><b>We suggest that who is meant with the term “leadership” (used in paragraph 36b and 36c) be clarified by including a definition of this term in Section 4, Definitions.</b> Explanation: Please see our comments on paragraph 17. <i>The forms of leadership may vary in accordance with the structure of individual SAIs, as such, a definition may cause more confusion than clarity. We included a paragraph to provide additional insight on leadership</i></p>
<p><b>SAI Botswana</b></p>	<p><i>Sentence structure: cancel the word for after the word responsible</i> Rephrase: leadership is responsible <del>for</del> and accountable for quality. Remove ‘and resources are’ Rephrase: resource needs are planned, <del>and resources are</del> obtained, allocated and assigned in a manner...</p>

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	<i>Style preference. No change made.</i>
SAI Costa Rica	<i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence. Style preference. No change made.</i>
SAI Egypt	<i>We suggest rephrasing the paragraph according to para 28/A (ISQM 1) as follows :</i> <u>The SAI shall establish quality objectives that address the SAI’s governance , which establishes the environment that supports the system of quality management. So that, the SAI demonstrates a commitment to quality through a culture that exists throughout the SAI, which recognizes and reinforces the following:</u> <u>(i) The SAI’s role in serving the public interest by consistently performing quality engagements;</u> <u>(ii) The importance of professional ethics, values and attitudes;</u> <u>(iii) The responsibility of all personnel for quality relating to the performance of engagements or activities within the system of quality management, and their expected behaviour; and</u> <u>(iv) The importance of quality in the SAI’s strategic decisions and actions, including the SAI’s financial and operational priorities.</u> <i>These concepts are largely addressed by other pronouncements, notably ISSAI 130, while financial aspects mentioned in ISQM1 are more specific to the private sector context</i>
SAI Ecuador	<i>· Insert the term “organisational culture”.</i> <i>Done</i> <i>Suggested wording: “e) resource needs are planned; and these resources are obtained, assigned and allocated in such a way as to demonstrate the SAI’s commitment to quality.</i> <i>We did not identify a substantial benefit of the suggested change</i>
AFROSAI E	<i>Para 36(b) deletion of word “for” after responsible</i> <i>This inclusion was deliberate to put more emphasis on each element</i>
Text of the standard	Quality objectives associated with governance and leadership of the SAI may include one or more of the following: a. the SAI demonstrates a commitment to quality within the <u>organisational</u> culture of the SAI; b. leadership is responsible for, and accountable for, quality; c. leadership demonstrates a commitment to quality through its actions and behaviours;



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	<p>d. the organisational structure and assignment of roles, responsibilities, and authority is appropriate to enable the design, implementation, and operation of the SAI's system of quality management;</p> <p>e. resource needs are planned, and resources are obtained, allocated, and assigned in a manner that demonstrates the SAI's commitment to quality.</p>
<b>NEW</b>	<u>The concept of leadership will vary from one SAI to another. Leadership is not necessarily limited to senior officials and those that govern the SAI, such as the Head of the SAI.</u>
<b>SAI of</b>	<b>37</b>
<b>SAI Algeria</b>	<p><i>The passage stresses that the setting of quality objectives linked to ethical requirements demonstrates the SAI's commitment to professionalism and integrity. It strengthens the SAI's responsibility to comply with legal and ethical standards, instils public trust in its work, and ensures that audits and activities are conducted in a transparent, accountable and trustworthy manner. These objectives foster an ethical culture, guide staff in fulfilling their responsibilities, and contribute to the credibility and independence of – and public trust in – the SAI.</i></p> <p><i>Agree. Believe that no changes were suggested.</i></p>
<b>SAI Costa Rica</b>	<p><i>*fulfill: add one more "l" at the end.</i></p> <p><i>US English vs UK English</i></p>
<b>SAI Egypt</b>	<p><i>Adding for further clarifications (from ISSAI 140 before the amendment):</i></p> <ul style="list-style-type: none"> <li><i>• <u>SAIs must emphasize the importance of adhering to all the ethical conduct's requirements while performing their work.</u></i></li> <li><i>• <u>All the SAI's employees and its contracting parties should demonstrate appropriate ethical behaviour.</u></i></li> <li><i>• <u>The SAI's President and officials should set an example for ethical behaviour.</u></i></li> <li><i>• <u>The ethical conduct's requirements would include any requirements stipulated in the legal or audit frameworks to which the SAI's work is subject.</u></i></li> <li><i>• <u>SAIs must ensure that policies and procedures are in place for implementation as they enhance the importance of the key audit staff rotation in order to mitigate the familiarity risks. The SAI could consider undertaking other procedures in order to mitigate this kind of risks.</u></i></li> </ul> <p><i>Revised 140 follows a different logic to the extant 140 – it is principle based rather than setting a more or less complete set of requirements. This suggested change would go against this logic</i></p>
<b>Text of the standard</b>	Quality objectives associated with ethical requirements may confirm that the SAI and its personnel understand and fulfil their responsibilities in relation to the relevant legal and ethical requirements (such as those set out in ISSAI 130 - Code of Ethics), including those related to independence.
<b>SAI of</b>	<b>38</b>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

<p><b>SAI Algeria</b></p>	<p><i>To support this paragraph, we would recommended referring to the need to put mechanisms in place to ensure compliance in practice with the standards and other parameters mentioned.</i></p> <p><i>We believe that this would be covered by organizational requirements 4 and 5 (responses to address quality risks and the monitoring and remediation process)</i></p>
<p><b>SAI Japan</b></p>	<p>Quality objectives associated with the acceptance, initiation, and continuance of engagements may specify that the SAI will normally accept, initiate, and continue engagements only if it:</p> <p>a. complies with <u>the ISSAIS or other relevant professional</u> standards, applicable legal and regulatory requirements, and ethical <u>requirements principles</u>;</p> <p><i>be stipulated in a. to define professional standards in the context of SAI.</i></p> <p><i>As mentioned in the comment on Para. 18, “the ISSAIS or other relevant standards” should. Also, “ethical principles” should be modified to “ethical requirements” in a. because it is not ethical principles but ethical requirements that SAI and its personnel are required to comply with as revised ISSAI 100 in connection with revision of ISSAI 140 mentions that “Each SAI should establish the relevant ethical requirements and maintain procedures that will provide it with reasonable assurance that the SAI and its personnel are complying with the ethical requirements” in Para. 35.</i></p> <p><i>Rephrased</i></p>
<p><b>SAI Netherlands</b></p>	<p><i>Given the fact that not all SAIs accept all engagements, we suggest that the wording of this paragraph be changed to “ ...the SAI will normally accept <u>and/or</u> initiate and continue engagements”</i></p> <p><i>We believe this is addressed sufficiently in paragraph 39</i></p>
<p><b>SAI Botswana</b></p>	<p><i>Reconstruct the sentence to avoid repetition of words-Suggested paraphrase: ‘Quality objectives associated with the acceptance ,initiation and continuance of engagements may specify that the SAI will achieve these objectives only if it:...’</i></p> <p><i>In this specific case, repeating the nouns in the verbal form is a deliberate formulation</i></p>
<p><b>SAI Costa Rica</b></p>	<p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are using Oxford style guide consistently</i></p>
<p><b>SAI Norway</b></p>	<p><i>Comment to 38 c):</i></p> <p><i>May we suggest adding an explicit reference to necessary competencies, along with time and resources, as a prerequisite for the acceptance of engagements.</i></p>

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)

	<i>This is encompassed by the ‘has the capabilities’</i>
SAI Ecuador	<ul style="list-style-type: none"> <li>• c) it has the capacity, including time and resources to do so, in relation to the scope, objectives and expected results.</li> </ul> <p><del>The</del> <i>We do not believe that the addition is necessary to understand the intent of the requirement.</i></p>
Text of the standard	<p>Quality objectives associated with the acceptance, initiation, and continuance of engagements may specify that the SAI will normally accept, initiate, and continue engagements only if it:</p> <ul style="list-style-type: none"> <li>a. complies with <u>the ISSAIs or other relevant professional</u> standards, applicable legal and regulatory requirements, and ethical <del>principles</del> <u>requirements</u>;</li> <li>b. acts within its legal mandate or authority; and</li> <li>c. has the capabilities, including time and resources, to do so.</li> </ul>
SAI of	<b>39</b>
SAI Uganda	<p><i>Whereas the SAI may be required by law to undertake an engagement, the standard should provide for some safeguards in instances where the current state of the SAI is likely to compromise the quality e.g. lack of competence may be overcome by outsourcing skills.</i></p> <p><i>We agree, however it is the responsibility of the SAI to devise appropriate responses to the risks identified</i></p>
SAI Algeria	<p><i>We would recommend clarifying here whether referral to the SAI by the legislative or other supervisory bodies is not contrary or detrimental to the principle of the SAI’s independence.</i></p> <p><i>We agree, however it is the responsibility of the SAI to devise appropriate responses to the risks identified</i></p>
SAI Japan	<p>A SAI’s engagements may arise (1) from its legal mandates, (2) following requests of legislative or oversight bodies, and (3) at its own discretion. In the cases of legal mandates and requests, the SAI may be required to conduct the engagement and may not be permitted to make decisions about acceptance or continuance or to resign or withdraw from the engagement <u>unless the SAI has legal mandates to make discretionary decisions about them</u>.</p> <p><i>“unless the SAI has legal mandates to make discretionary decision about them” should be added because there are SAIs that are independent of the legislature, and have legal mandates to make discretionary decision about acceptance of requests from the legislature.</i></p> <p><i>If the legal mandate confers the possibility to make discretionary decisions, this falls under point 3 in the text</i></p> <p><b>Performance engagements (p. 15) and issuing audit reports</b> (shown as deleted in the original reply sent)</p> <p><i>Agree to the deletion, performance is a typo, should be ‘performing engagements’</i></p> <p>(Comment on caption in page 15)</p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

	<p>As mentioned in the comment on Para. 8, “and issuing audit reports” should be eliminated because issuing audit reports is included in engagement by definition.</p> <p><i>Agreed, edit made.</i></p>
<b>SAI Poland</b>	<p><i>It is independence of SAIs decisions related to acceptance, planning, initiation, and continuance of engagements that will often be crucial for the quality of an engagement. If acceptance of some stakeholders’ requests is obligatory (which means reduced independence), other elements starting from planning and designing of an engagement, still remain areas of independent decisions, which should aim at obtaining the quality of the engagement</i></p> <p><i>We agree, however it is the responsibility of the SAI to devise appropriate responses to the risks identified</i></p>
<b>SAI Austria</b>	<p><i>The sentence “A SAI’s engagements may arise (1) from its legal mandates, (2) following requests of legislative or oversight bodies, and (3) at its own discretion” contains the term “oversight bodies”. It would be helpful to define this term concretely and ensure that “oversight bodies” cannot be interpreted as e.g. bodies of the executive since this would not be in line with our role as an independent external audit body.</i></p> <p><i>It could be, for example, bodies set up by the legislator to investigate an issue. See ISSAI 100 paragraph 25 which includes such option</i></p>
<b>IDI</b>	<p><i>“In the cases of legal mandates and requests, the SAI may be required to conduct the engagement and may not be permitted to make decisions about acceptance or continuance or to resign or withdraw from the engagement.” In relation to the above statement, we are of the view that if SAIs are being required (not requested) to do audits by the executive and parliament this could be in contradiction with principles 3 and 6 of the Mexico declaration.</i></p> <p><i>We agree, however it is the responsibility of the SAI to devise appropriate responses to the risks identified. Please note that principle 3 of the Mexico declaration explicitly says that ‘except when specifically required to do so by a legislation...’</i></p>
<b>SAI Ecuador</b>	<p>Insert a colon (:) after “arising”.</p> <p><i>Style</i></p>
<b>SAI Russia</b>	<p><i>It is not clear how the paragraph in its current version corresponds to the quality control.</i></p> <p><i>It seems to be important to add the statement which says that in every case mentioned it is still needed to state quality control objectives associated with the acceptance, initiation, and continuance of engagements</i></p> <p><i>This paragraph should be read in conjunction with paragraph 38</i></p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

Text of the standard	A SAI's engagements may arise (1) from its legal mandates, (2) following requests of legislative or oversight bodies, and (3) at its own discretion. In the cases of legal mandates and requests, the SAI may be required to conduct the engagement and may not be permitted to make decisions about acceptance or continuance or to resign or withdraw from the engagement.
SAI of	<b>40</b>
SAI Japan	<p>Quality objectives associated with performing engagements <del>and issuing audit reports</del> may set expectations on the extent to which:</p> <p>...</p> <p>g. engagement documentation is assembled on a timely basis after the date of the audit report and is appropriately maintained and retained to meet the needs of the SAI and to comply with law, regulation, relevant ethical requirements, <del>and professional standards.</del><u>the ISSAIs or other relevant standards.</u></p> <p><del>h. those parties directly affected by the SAI's work have an opportunity to provide comments prior to the work being finalized, regardless of whether or not a report is made publicly available by the SAI.</del></p> <p>As mentioned in the comment on Para. 8, "and issuing audit reports" should be eliminated in the first line because issuing audit reports is included in engagement by definition.</p> <p>As mentioned in the comment on Para. 18, "the ISSAIs or other relevant standards" should be stipulated in g. to define professional standards in the context of SAI.</p> <p>(Comment on newly added h.)</p> <p>ISQM 1 that Exposure Draft of ISSAI 140 based on basically assumes assurance engagements where procedures of seeking comments on the audit findings, conclusions and recommendations from the audited entity are usually not required. While on the contrary, ISSAI 300 defines ISSAI' performance audit as non-assurance engagements in Para. 21, and ISSAI 3000 requires that "the auditor shall give the audited entity the opportunity to comment on the audit findings, conclusions and recommendations before the SAI issues its audit report" in Para. 129. Therefore, "h. those parties directly affected by the SAI's work have an opportunity to provide comments prior to the work being finalized, regardless of whether or not a report is made publicly available by the SAI" should be added to set quality objectives associated with performing non-assurance engagements by following the description in the third paragraph from the bottom of page 20 in the current version of ISSAI 140.</p> <p><i>Agreed, except for new point h which we do not feel should be a quality objective. We see it as an example of a response to address quality risk</i></p>
SAI Brazil	<p>Finally, I noticed a typing error in the subtitle preceding paragraph 40, which should be 'Performing engagements' instead of 'Performance engagements'.</p> <p><i>Thanks, change made.</i></p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

<p><b>SAI Poland</b></p>	<p><i>All engagement related items (teams, supervision and review etc.) in this paragraph should be harmonized with ISSAI 100 which tells a lot about them. It is important that ISSAI 140 avoids repetitions on one hand and ambiguity on the other. For instance, ‘documentation’ is presented in ISSAI 100.44 in a clearer way and with more care about quality characteristics (clarity, detail level etc.). It would be beneficial if ISSAI 140 was clear about what is based on ISSAI 100, and what is added complementarily, or emphasised about quality.</i></p> <p><i>yes, ISSAI talks a lot about documentation, we adjusted the reference to professional standards in such a way that will encompass ISSAI 100</i></p> <p><i>Regarding item f): satisfaction of stakeholders is a lot, but it is not the only factor that decides about quality. The key notion here is then ‘appropriate’ – possibly this could be described in more detail.</i></p> <p><i>Indeed. We rephrased in line with paragraph 18</i></p>
<p><b>SAI Austria</b></p>	<p><i>Point (f) lays down that “audit reports are appropriate and satisfy stakeholders’ needs”: As “stakeholders” can be a very diverse target group, their needs will vary depending on the respective circumstances. We would therefore argue that this indication is too general: Before a SAI can set the goal of satisfying the needs of a specific group, the SAI must first determine which stakeholders are addressed and whether satisfying their needs is in line with the SAI’s independence.</i></p> <p><i>Indeed. We rephrased in line with paragraph 18</i></p>
<p><b>SAI Netherlands</b></p>	<p><b><i>We suggest that the wording of paragraph 40e be changed.</i></b></p> <p><i>Explanation: Paragraph 40e does not state that differences of opinion within the SAI should be resolved before publication. We know this is also not stated in the corresponding point of ISQM 1 (paragraph 31e) but it is included in the current ISSAI 140 (page 20), and we believe it is relevant to resolve differences before a report is issued by a SAI.</i></p> <p><i>It is a matter for a SAI to determine the timing and method of resolving differences of opinion.</i></p> <p><b><i>We also suggest that paragraph 40f be rethought because it is not clear what is meant by the term “appropriate”, and it is questionable whether audit reports should and can satisfy stakeholders’ needs.</i></b></p> <p><i>Explanation: It is not clear what is meant by the term “appropriate”. ISQM 1, paragraph 14 refers to “appropriate given the circumstances”, but that is also not elaborated upon. The current ISSAI 140 refers to timely publication of the audit report and clearly states the reason why timeliness is important to SAIs. Similar motivation seems to be missing here.</i></p> <p><i>Please see our comments on paragraph 18 for our reasons to doubt the use of the wording “satisfy stakeholders’ needs”.</i></p> <p><i>It is down to the SAI to determine what it needs to do to report appropriately. We rephrased this section in line with paragraph 18</i></p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

<p><b>SAI South Africa</b></p>	<p>Since paragraph 40 refers to the issue of audit reports on the different types of audit engagements performed by a SAI, the heading should probably not refer to ‘performance’ engagements, which could be confused with ‘performance audits’ which are applicable in the public sector.</p> <p><i>It was a typo. Resolved. thanks</i></p>
<p><b>SAI Sweden</b></p>	<p><i>f. Consider the wording “satisfy stakeholders needs”, since it is not necessarily what an SAI should do. Possibly a wording like “<u>relevant</u> for stakeholders needs” could work better?</i></p> <p><i>We rephrased in line with paragraph 18</i></p>
<p><b>SAI Turkiye</b></p>	<p><i>-“Performance engagements and issuing audit reports” on page 15 could be corrected as “Engagement performance and issuing audit reports”</i></p> <p><i>It was a typo. thanks</i></p>
<p><b>SAI Costa Rica</b></p>	<p><u><i>h. Engagement teams establish the pertinent actions if there is any deviation from the system of quality management in the performance of the engagement</i></u></p> <p><i>This seems to belong to monitoring and remediation rather than quality objectives</i></p> <p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are using Oxford style guide consistently</i></p> <p><i>Adding:</i></p> <p><i>h. Engagement teams establish the pertinent actions if there is any deviation from the quality management system in the performance of the engagement</i></p>
<p><b>SAI Lithuania</b></p>	<p><i>Paragraph 40 g. states “engagement documentation is assembled on a timely basis after the date of the audit report and is appropriately maintained and retained to meet the needs of the SAI and to comply with law, regulation, relevant ethical requirements, and professional standards”.</i></p> <p><i>In our opinion, in the ISSAI 140, it would be useful/necessary to provide provisions on regulating the completion of the final audit file (for example ISQM 1 - A83) and the retention and maintenance of engagement documentation (for example ISQM 1 - A84).</i></p> <p><i>ISSAI 2230 contains a concrete provision for financial audits, however these time limits may be prescribed by national legislation. We therefore prefer to remain with the word ‘timely’ in line with ISQM 1</i></p>
<p><b>SAI Egypt</b></p>	<p><i>Modifying the beginning of the paragraph to be as follows :</i></p> <p><u><i>“engagements documentation is assembled on a timely basis and appropriately maintained ....”</i></u></p>

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)*

	<i>We prefer to remain with the original formulation. See also reply to Lithuania</i>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>Remove the “and” at the end of paragraph (a); insert a semi-colon (;) at the end of section c); and insert “and” at the end of the paragraph of section f).</li> </ul> <p><i>We are using Oxford style guide consistently</i></p> <ul style="list-style-type: none"> <li>g) engagement documentation is <b>drawn up during the audit process</b> to meet the needs of the SAI and to comply with law, regulation, relevant ethical requirements, and professional standards.</li> </ul> <p><i>We prefer to remain with the original formulation. See also reply to Lithuania</i></p>
<b>SAI Russia</b>	<p><i>Compared to the previous version of the paragraph the following text has been removed:</i></p> <p><b><u>“c. team members with appropriate levels of proficiency supervise engagements and review work performed by other team members”.</u></b></p> <p><i>Supervision and review is covered in point b.</i></p> <p><i>At the same time, it is important to pay attention to the qualifications of the engagement review team. We suggest adding a statement about qualifications of the engagement review team members.</i></p> <p><i>Please bear in mind these are examples of quality objectives without an intention to provide an exhaustive list</i></p>
<b>AFROSAI E</b>	<p>Para 40(g) guideline to be added for timely e.g. state the number of days after audit report sign off.</p> <p><i>ISSAI 2230 contains a concrete provision for financial audits, however these time limits may be prescribed by national legislation. We therefore prefer to remain with the word ‘timely’ in line with ISQM 1</i></p>
<b>Text of the standard</b>	<p>Quality objectives associated with performing engagements and <del>issuing audit reports</del> may set expectations on the extent to which:</p> <ol style="list-style-type: none"> <li>engagement teams understand and fulfil their responsibilities in connection to engagements, including the overall responsibility of the individual responsible for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the different stages of the engagement;</li> <li>the nature, timing, and extent of direction and supervision of engagement teams and review of the work performed is appropriate based on the specific features of the engagements and the resources assigned or made available to the engagement teams;</li> <li>engagement teams exercise appropriate professional judgment and professional scepticism;</li> <li>consultation on significant matters is undertaken, especially for difficult or contentious matters, and the conclusions agreed to are implemented and, as appropriate, documented;</li> </ol>



**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

	<p>e. differences of opinion (e.g. within the engagement team, or between the engagement team and the engagement quality reviewer or individuals performing activities within the SAI's system of quality management) are brought to the attention of officials at the appropriate level of the SAI, resolved and documented appropriately;</p> <p>f. audit reports are appropriate and <del>satisfy</del> <u>address</u> stakeholders' <u>expectations without compromising the SAI's independence</u> <del>needs</del>; and</p> <p>g. engagement documentation is assembled on a timely basis <del>after the date of the audit report</del> and is appropriately maintained and retained to meet the needs of the SAI and to comply with law, regulation, relevant ethical requirements, and <del>professional</del> <u>the ISSAIs or other relevant</u> standards.</p>
<b>SAI of</b>	<b>41</b>
<b>SAI Japan</b>	<p>Quality objectives associated with SAI resources may include:</p> <p>...</p> <p>f. human, technological, or intellectual resources <u>are obtained</u> from external service providers <del>-when the SAI does not have sufficient or appropriate ones to enable the operation of for use in</del> the SAI's system of quality management and <u>the performance of in performing</u> engagements.</p> <p><i>"when the SAI does not have sufficient or appropriate ones to enable the operation of the SAI's system of quality management and the performance of engagements" should be added in f. to limit the case where SAI obtains resources from external service providers. This is because human, technological, or intellectual resources necessary for the operation of the SAI's system of quality management and the performance of engagements basically come from SAI's internal resources as mentioned above from a. to e. Furthermore, ISQM 1 mentions that "Individuals are obtained from external sources when the firm does not have sufficient or appropriate personnel to enable the operation of firm's system of quality management or performance of engagements" in Para. 32. (c).</i></p> <p><i>Rephrased by adding 'are obtained', for the remaining comment. we think this aspect is sufficiently covered in point e</i></p>
<b>SAI Brazil</b>	<p><i>The examples of quality objectives are clear, even though there may be some overlap between them, such as in the case of items (a) and (b) of paragraph 41.</i></p> <p><i>thanks</i></p>
<b>SAI Poland</b>	<p><i>Consider harmonizing this paragraph with ISSAI 150, again to avoid repetitions and ambiguity.</i></p> <p><i>Quality objectives set up by SAIs should take into account specific requirements of standards like ISSAI 150</i></p>
<b>SAI Austria</b>	<p><i>Point (b) indicates that "personnel develop and maintain the appropriate competence to perform their roles, are assessed and held accountable for that, or recognised through timely promotions and other incentives": the due performance of individual roles should be self-evident, whereas "timely promotions" seem disproportionate by comparison.</i></p>

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)*

	<i>Rephrased</i>
<b>SAI Costa Rica</b>	<p>Quality objectives associated with SAI resources may include:</p> <p>a. Personnel are recruited, <u>continuous</u> trained ...</p> <p><u>g. Individuals or evaluation teams from the SAI who are suitably trained and have the necessary experience to carry out the assessment of the system of quality management</u></p> <p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>Adding:</i></p> <p><i>g. Individuals or evaluation teams from the SAI who are suitably trained and have the necessary experience to carry out the evaluation of the system of quality management</i></p> <p><i>'continuous' is covered by 'maintain' in point (b)</i></p> <p><i>Proposed point (g) is covered by point (a)</i></p>
<b>IDI</b>	<p><i>We also suggest adding quality objective related to financial resources of the SAI.</i></p> <p><i>Appropriate financial resources are a prerequisite for points (a) to (h), and a lack of financial resources may constitute a risk</i></p>
<b>SAI Norway</b>	<p><i>Comment to 41 a):</i></p> <p><i>May we suggest adding an explicit reference to appropriate (or necessary) competencies in this paragraph.</i></p> <p><i>This is specified in point (b)</i></p> <p><i>Comment to 41 b):</i></p> <p>personnel develop and maintain the appropriate competence to perform their roles, <u>as outlined in ISSAI 150</u>, are assessed and held accountable for that, or recognised through timely promotions and other incentives.</p> <p><i>ISSAI 150 may not necessarily be the source for this quality objective, it is an organisational level standard rather than related to individuals' competencies</i></p> <p><i>Comment to 41, e) and f):</i></p> <p><i>May we suggest that "support tools and material" replace intellectual resources, as the latter rather refers to individual character qualities.</i></p> <p><i>Intellectual resources stem from the concept of intellectual property which is broadly understood nowadays</i></p>

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)

SAI Ecuador	<p>• Proposed text: “The quality objectives associated with the SAI’s resources may include the following:</p> <p>a) the recruitment, training and retention of staff with the competence and skills to carry out continuously high quality audit tasks and fulfil the responsibilities related to the SAI’s quality management system;</p> <p>b) staff who develop and maintain the skills to perform their duties are assessed and accountable for their work, or are rewarded through promotions and other incentives;</p> <p>c) those carrying out activities within the quality management system must comply with the relevant skills and capabilities, including having sufficient time to perform their tasks;</p> <p>d) obtaining, developing, implementing, maintaining and using appropriate technological resources (usually IT applications, infrastructure and processes) to allow the SAI’s quality management system and the implementation of audit processes to function;</p> <p>e) obtaining, developing, implementing, maintaining and using appropriate intellectual resources (e.g. methodologies, guides, standardised documentation, databases, etc.) to allow the SAI’s quality management system and the consistent implementation of high-quality audit processes to function;</p> <p>f) <i>verifying that the human, technological or intellectual resources of external service providers are appropriate for use in the SAI’s quality management system and to carry out audit processes.”</i></p> <p><i>the objective is that these resources are appropriate, ‘verifying’ would be a response action</i></p>
SAI Eritrea	<p><i>The list does not consider Financial (SAI budget) resources. We believe being one of the considerations may be practical.</i></p> <p><i>Appropriate financial resources are a prerequisite for points (a) to (h), and a lack of financial resources may constitute a risk</i></p>
Text of the standard	<p>Quality objectives associated with SAI resources may include:</p> <p>a. personnel are recruited, trained, and retained who have the competence and capabilities to perform engagements of a consistently high quality and carry out responsibilities related to the operation of the SAI’s system of quality management;</p> <p>b. personnel develop and maintain the appropriate competence to perform their roles, are assessed and held accountable for that, <u>and</u> recognised through <del>timely promotions and other</del><u>appropriate</u> incentives;</p> <p>c. individuals assigned to engagements or to perform activities within the system of quality management have appropriate competence and capabilities, including sufficient time, to perform their duties;</p> <p>d. appropriate technological resources (typically IT applications, infrastructure and processes) are obtained or developed, implemented, maintained, and used to enable the operation of the SAI's system of quality management and the performance of engagements;</p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

	<p>e. appropriate intellectual resources (e.g. methodologies, guides, standardised documentation, databases, etc.) are obtained or developed, implemented, maintained, and used to enable the operation of the SAI’s system of quality management and the consistent performance of high quality engagements;</p> <p>f. human, technological, or intellectual resources <u>obtained</u> from external service providers are appropriate for use in the SAI’s system of quality management and in performing engagements.</p>
<b>NEW</b>	<u>The SAI is responsible for the system of quality management even when using resources from external service providers.</u>
<b>SAI of</b>	<b>42</b>
<b>SAI Algeria</b>	<p><i>We would recommend rewording the following paragraph as follows:</i></p> <p><i>a. the information system will identify, capture, process, store and disseminate relevant and reliable information to support the quality management system</i></p> <p><i>We prefer to keep present tense</i></p> <p><i>Maintain is a broader concept than store</i></p> <p><i>Disseminate is sufficiently covered in point (b)</i></p>
<b>SAI Austria</b>	<p><i>Point (d) stipulates that “relevant and reliable information about the system of quality management is communicated to stakeholders and other external parties”:</i></p> <p><i>To which extent shall such information be communicated to external parties? We consider that any information about the system of quality management should be communicated internally, and externally only if exceptional circumstances arise. We therefore suggest to limit external reporting to exceptional circumstances.</i></p> <p><i>This point should furthermore be in line with paragraph 68, which also refers to “external parties” when it comes to the communication of conclusions on the effectiveness of the system of quality management and which makes reference to “applicable laws, regulations, or other factors” that “could create circumstances when it is appropriate to communicate”.</i></p> <p><i>This is indeed closely related to organisation requirement 6. It is down to the SAI, but also as mentioned in paragraph 68, may be stipulated by relevant laws and regulations. It is about reflecting about what information we would like/are required to disseminate externally</i></p>
<b>SAI Netherlands</b>	<p><b><i>We suggest that the wording of paragraph 42c be changed.</i></b></p> <p><i>Explanation: Paragraph 42c uses the wording “personnel and engagement teams communicate to the SAI”. It is not clear who is meant here by “the SAI”. Or should it be “to the relevant individuals within the SAI”?</i></p>

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	<i>rephrased</i>
<b>SAI Sweden</b>	<i>Fuzzy and maybe too much on a metalevel?</i> <i>rephrased</i>
<b>SAI Costa Rica</b>	<i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i> <i>We are using Oxford style guide consistently</i>
<b>SAI Ukraine</b>	<i>Please, clarify in point (a) that information can be whether from internal or external sources:</i> <i>'The information system identifies, captures, processes and maintains relevant and reliable information that supports the system of quality management, <u>whether from internal or external sources</u>'.</i> <i>We feel that without that addition both situations are sufficiently covered</i>
<b>IDI</b>	<i>'Information and communication' should not be limited just to informing and communicating about SoQM (see the paragraph 40 as an example). One of the main quality objectives related to information and communication would be – that audit results are communicated to stakeholders in impartial and fair manner.</i> <i>Reporting results is a different matter. This is referring to informing about the SoQM</i>
<b>SAI Egypt</b>	<i>In line with this component's presentation and in conformity with the International Standard (ISQMI), it is proposed to add the following paragraph before the beginning of paragraph (42) as follows:</i> <i><u>"SAI shall determine the quality objectives concerned with the acquisition, development and use of information related to the quality management system and the information transfer within SAI and any other parties in a timely manner to enable the design, implementation and operation of the quality management system."</u></i> <i>We don't believe this introduction is necessary. We tailored the language in the ISQM1 to be more relevant to SAIs.</i> <i>We adding a sub-paragraph after (a) which is "the Supreme Audit Institution's culture recognizes and enhances the employees' responsibility regarding knowledge sharing of with the institution and among them." This part is proposed to be added for further clarification of this component in line with the International Standard (ISQM1), paragraph (33-b).</i> <i>Added a new point b</i>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"><li><i>We suggest including the following: "Where relevant, the Quality Management Committee will be responsible for communicating and disseminating the quality objectives related to information and communication":</i></li></ul>

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	<i>We deliberately refrained from going into such level of detail to make the standard applicable to different SAIs.</i>
<b>SAI Russia</b>	<i>The last bullet point of the paragraph is not completely clear: “d. relevant and reliable information about the system of quality management is communicated to stakeholders and other external parties”. What is the form of communication of such information? Is it some form of report? Is there any kind of a standardised opinion for the report? Which information should be included in the report as relevant and reliable? It would be useful to add some specific information about this statement. It is down to the SAI to determine the appropriate replies to questions such as these.</i>
Text of the standard	Quality objectives associated with information and communication may include the following: a. the information system identifies, captures, processes, and maintains relevant and reliable information that supports the system of quality management; b. <i>the organisational culture recognises and enhances the employees' responsibility regarding knowledge sharing within the SAI;</i> <i>c.</i> relevant and reliable information about the system of quality management is communicated to personnel and engagement teams to enable them to understand and carry out their responsibilities within the system of quality management or engagements; <i>de.</i> personnel and engagement teams communicate <del>to</del> <i>within</i> the SAI when performing activities within the system of quality management or engagements; <i>ed.</i> relevant and reliable information about the system of quality management is communicated to stakeholders and other external parties.
<b>SAI of</b>	<b>43</b>
<b>SAI Germany</b>	<i>In para 43, the term quality risk is again defined and thus, this is a repetition of para. 20 from the definition passage Agreed and removed.</i>
<b>SAI Ecuador</b>	• Set up a working group including internal control, audit and risk management experts. <i>It is down to the SAI to determine if this is appropriate or necessary</i>
<b>SAI Russia</b>	<i>The paragraph seems to be redundant, because the term “quality risk” is already defined in paragraph 20. Agreed and removed.</i>
Text of the standard	The SAI shall identify and assess quality risks, <del>which are risks that have a reasonable possibility of both occurring and adversely affecting the achievement of quality objectives.</del>
<b>SAI of</b>	<b>44</b>

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SAI Peru	It is suggested that the wording be supplemented with the highlighted text: <u>“The SAI shall assess whether changes to quality risks are needed because of changes in the nature and circumstances of the SAI (political, economic and social) or its engagements.”</u> <i>Rephrased</i>
SAI Netherlands	<b>We propose that the wording of this paragraph be changed.</b> <i>Explanation: We believe the message of this paragraph could be written more directly and therefore more clearly, e.g. “SAIs shall periodically update their assessment of quality risks in response to possible changes in the nature and circumstances of the SAI or its engagements”.</i> <i>Rephrased</i>
SAI Ukraine	Maybe it would be better to replace "changes to quality risks are <del>needed</del> " with "changes to quality risks are <u>caused</u> " <i>We prefer to stay with original text</i>
IDI	<i>See comment in par. 33</i> <i>Rephrased</i>
SAI Ecuador	• Include a comma after “quality”. <i>We prefer to stay with original text</i>
Text of the standard	The SAI shall assess whether changes to quality risks <u>or assessments of quality risks</u> are needed because of changes in the nature and circumstances <del>of</del> <u>in which</u> the SAI <u>operates</u> or its engagements. <u>If such changes are needed, the SAI shall identify and assess new quality risks or modify the assessments of quality risks already identified.</u>
	<b>45</b>
Text of the standard	The SAI decides the appropriate frequency for identifying and assessing quality risks.
SAI of	<b>46</b>
SAI Japan	The following matters may assist a SAI in assessing the conditions, events, circumstances, actions or inactions that could adversely affect the achievement of its quality objectives, and how these risks may materialise: ... e. laws, regulations and <del>professional</del> <u>ISSAIs or other relevant standards</u> required in the environment in which the SAI operates;

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	<p>As mentioned in the comment on Para. 18, “the ISSAIs or other relevant standards” should be stipulated in e. to define professional standards in the context of SAI.</p> <p><i>Rephrased</i></p>
SAI Austria	<p>What is meant exactly by “any partnerships” mentioned under point (f)?</p> <p><i>Can be another SAI, involvement in a capacity building project</i></p>
SAI Netherlands	<p><b>We suggest that who is meant by the term “leadership” in this paragraph be clarified by including a definition of this term in Section 4, Definitions.</b></p> <p><i>Explanation: Please see our comments on paragraph 17.</i></p> <p><i>See reply to 36</i></p>
SAI Costa Rica	<p>...</p> <p><u><b>j. The level of commitment of the individuals or engagement teams, suppliers and stakeholders in the system of quality management</b></u></p> <p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are consistently using Oxford style across the text</i></p> <p><i>Adding:</i></p> <p><i>The collaborators and all those interested parties that have a relationship with the SAI’s quality management system, can be one more variable to consider in the achievement of the quality objectives, their commitment is key.</i></p> <p><i>The list is not meant to be exhaustive</i></p>
SAI Ukraine	<p>Please, revise point (g) and maybe replace "the nature of <del>engagement and other work...</del>" with " the nature of <u>all types of work...</u>"</p> <p><i>We are consistent with a formulation used <del>elsewehree</del>elsewhere</i></p>
SAI Ecuador	<p>...</p> <p><u><b>a. External factors of a political, legal, economic, social or environmental nature over which the SAI has no control</b></u></p> <p>b. ...</p> <p><i>We agree, but these are covered by the SAIs operating environment under (a)</i></p>



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Text of the standard	<p>The following matters may assist a SAI in assessing the conditions, events, circumstances, actions or inactions that could adversely affect the achievement of its quality objectives, and how these risks may materialise:</p> <ul style="list-style-type: none"> <li>a. complexity and other attributes of the SAI’s organisational and operating environment;</li> <li>b. the SAI’s strategic and operational processes;</li> <li>c. characteristics and management style of SAI leadership;</li> <li>d. resources available to the SAI;</li> <li>e. laws, regulations and <u>ISSAIs or other relevant standards</u><del>professional</del> standards required in the environment in which the SAI operates;</li> <li>f. ny partnerships in the SAI operations;</li> <li>g. the nature of engagements and other work that is performed by the SAI;</li> <li>h. the types of reports that the SAI issues; and</li> <li>i. the bodies that the SAI audits.</li> </ul>
SAI of	<b>47</b>
SAI Brazil	<p><i>In paragraph 47, I consider it appropriate to draw attention to the temporal dimension in the assessment of risk intensity, as described in items (c) and (d).</i></p> <p><i>Thank you</i></p>
SAI Costa Rica	<p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are consistently using Oxford style across the text</i></p>
SAI France	<p><i>To illustrate, it would be helpful in this paragraph to describe a few risks that are specific to SAIs.</i></p> <p><i>It would certainly help to define a taxonomy of risks on which SAIs could draw when designing their own risk management tool.</i></p> <p><i>Indeed, we think it should be covered by a GUID</i></p>
SAI Ecuador	<p>...</p> <p><u>b) the level at which the condition, incident, circumstances, action or inaction would have an impact; i.e. on the activity, process, unit, area or the whole SAI</u></p> <p><i>..It is important. However, in our view this aspect is covered by point (a)</i></p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

Text of the standard	The following matters may assist a SAI in assessing the degree to which a risk, individually or in combination with other risks could adversely affect the achievement of quality objectives: a. how the condition, event, circumstance, action or inaction would affect the achievement of the quality objectives; b. how frequently the condition, event, circumstance, action or inaction is expected to occur; c. how long it would take after the condition, event, circumstance, action or inaction occurred for it to have an effect, and whether in that time the SAI would have an opportunity to respond to mitigate the effect; and d. how long the condition, event, circumstance, action or inaction would affect the achievement of the quality objective once it has occurred.
<b>SAI of</b>	<b>48</b>
<b>SAI Algeria</b>	<i>We would recommend backing up the following paragraph as follows: The use of ratings or scores enables the ISC to prioritise risks according to their relative importance in order to focus on the most critical risks and allocate their resources effectively in order to mitigate them. <i>We agree but see no for detailing further. This information could be included in a GUID</i></i>
<b>SAI Poland</b>	<i>Continuing with the comment on paragraph 20: if a risk is modifying but not affecting adversely the engagement objectives, potential changes should be analyzed and in some cases allowed – if positive from the perspective of quality. <i>As explained above, we think that discussion of positive risk would unnecessarily add complexity and confusion</i></i>
Text of the standard	A SAI may use ratings or scores to help them classify the risks.
	<b>49</b>
Text of the standard	The SAI shall design and implement responses to address the quality risks in a manner that is based on, and responsive to, the assessments of those risks.
<b>SAI of</b>	<b>50</b>
<b>SAI Portugal</b>	<i>The TdC agrees. This will be an ongoing process rather than one-off, enabling the SAIs to adapt with any changes. <i>Thank you</i></i>
<b>IDI</b>	See comment in par. 33. <i>Rephrased</i>

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Text of the standard	The SAI shall assess whether changes to responses are needed because of changes in the nature and circumstances of the SAI or its engagements. <u>If such changes are needed, the SAI shall design and implement additional responses or modify responses already implemented.</u>
SAI of	<b>51</b>
SAI Ecuador	<ul style="list-style-type: none"> <li>Responses can range from preventive actions, to corrective actions, to mitigating actions.</li> </ul> <p><i>We don't believe that the suggestion substantially improves the standard</i></p>
Text of the standard	Appropriate responses to address quality risks are proportionate to the assessment of these risks. Professional judgment assists a SAI in determining that the responses are proportionate to how the conditions, events and circumstances, and actions or inaction adversely affect the achievement of one or more quality objectives.
	<b>NEW</b>
	<p><u>The SAI decides the appropriate frequency for assessing whether changes to responses are necessary.</u></p> <p><i>See edits and comments made to paragraph 45.</i></p>
SAI of	<b>52</b>
SAI Costa Rica	<p>...</p> <p><u>d. Balance the potential benefits in relation to the achievement of the objectives against costs, effort or disadvantages of implementation.</u></p> <p><i>This is covered by 'proportionate' in paragraph 51</i></p> <p><u>e. Considered the tolerance level for the quality risk.</u></p> <p><i>In our view, once we have a quality risk, then by definition in paragraph 20 it is no longer tolerable</i></p> <p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are consistently using Oxford style across the text</i></p> <p><i>Adding:</i></p> <p><i>It is important that when deciding the response to quality risk, the cost-benefit of the measure and the level of tolerance are taken into account.</i></p> <p><i>See our responses above.</i></p>
Text of the standard	When designing and implementing responses to address quality risks, a SAI may consider the following: a. the nature, timing and extent of the responses;

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	<p>b. the appropriate level at which to implement the responses (e.g., at the institutional level, engagement level, or a combination of both); and</p> <p>c. the necessity of documenting and communicating the response to ensure consistent implementation.</p>
<b>SAI of</b>	<b>53</b>
<b>SAI Japan</b>	<p>The following are examples of responses to quality risks that the SAI may design and implement to address quality risks:</p> <p>...</p> <p>c. the SAI establishes policies and procedures for receiving, investigating and resolving complaints and allegations about failures to perform its engagements in accordance with <del>professional</del> <u>the ISSAIs or other relevant</u> standards and applicable legal and regulatory requirements, or non-compliance with the SAI’s policies or procedures;</p> <p><i>As mentioned in the comment on Para. 18, “the ISSAIs or other relevant standards” should be stipulated in e. to define professional standards in the context of SAI.</i></p> <p><i>Agreed, change made.</i></p>
<b>SAI Austria</b>	<p><i>Point (b): The feasibility of obtaining such a confirmation of compliance is highly dependent on the relevant (national) legislation applicable to a SAI’s staff. We would therefore suggest to rephrase this point in the following way: <u>“in accordance with applicable rules and regulations, the SAI obtains [...]”</u></i></p> <p><i>This is an example of responses, based on those in ISQM1 and we do not have a certainty as to whether rules and regulations cover such requirement</i></p>
<b>SAI Netherlands</b>	<p><b><i>We believe that engagement quality reviews are an integral part of a SAI’s quality management system and suggest that this topic be raised to the level of requirements.</i></b></p> <p><i>Explanation: Engagement quality reviews are mentioned only in the application guidance, not in the requirements of the proposed ISSAI 140. The wording in the proposed ISSAI 140 (“examples”, “the SAI may...”) also suggests that these types of review are optional, rather than required. This seems to suggest that the bar has been lowered compared to the current ISSAI 140 and ISQM 1. The current ISSAI 140 requires that “policies and procedures shall include review responsibilities” and that “SAIs should recognise the importance of engagement quality control reviews for their work”. ISQM 1, paragraph 2 states that “engagement quality reviews form part of the firm’s quality management system” and paragraph 26 and 34f state that this type of review is a required response that has to be included. Furthermore, ISSAI 100 (the current and proposed version) also states that reviews should be performed (ISSAI 100, paragraph 40 “Quality management procedures should cover matters such as the direction, review and supervision of the audit process [...]”</i></p> <p><b><i>We believe that development of guidance in the form of a GUID is needed (see also our response to question 1 in the explanatory memorandum), also with regard to engagement quality reviews as mentioned in this paragraph.</i></b></p>

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	<p><i>Explanation. In the proposed ISSAI 140 only this paragraph is dedicated to this topic. SAIs are directed to ISQM-2 via a footnote for further information. Given the fact that ISQM 2 is not tailored to SAIs, this could lead to confusion and difficulties. In our opinion, it would be better– in time – to refer to a specialised GUID for SAIs for the application of this and other requirements in ISSAI 140.</i></p> <p><i>See our analysis of replies to the Explanatory Memorandum</i></p>
<p><b>SAI Costa Rica</b></p>	<p>i. identifying, <b>analysing</b>, evaluating and addressing threats to compliance with the relevant ethical requirements; and</p> <p>ii. identifying, <b>communicating, analysing</b>, evaluating and reporting <b>and communicating</b> of any breaches of the relevant ethical requirements and appropriately responding to the causes and consequences of the breaches in a timely manner;</p> <p>...</p> <p>d. The SAI establishes policies and procedures that identify, <b>analyse and evaluate</b> if and when an ...</p> <p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>Adding:</i></p> <p><i>It is important that the IDI provides a confirmation model of compliance on ethics, objectivity and independence in SAIs.</i></p> <p><i>We suggest using the risk assessment phases established in ISO 31000:2018: identify, analyze and evaluate. Then, the response to risks and finally, the registration and reporting of risks; to continue monitoring.</i></p> <p><i>Our model is based on ISQM1 so we would prefer to stay there to ensure consistency in the text. Also, in our view evaluating encompasses analysing</i></p>
<p><b>SAI Ukraine</b></p>	<p><i>Maybe will be better part 11 point (d) to clarify</i></p> <p><i>"Eligibility <b>criteria</b> to..."</i></p> <p><i>We prefer to stay with the current text</i></p>
<p><b>SAI Lithuania</b></p>	<p><i>Paragraph 53d. states that "the SAI establishes policies and procedures that identify if and when an engagement quality review is an appropriate response to address one or more quality risks " and provides a footnote that "More information can be found in ISQM 2, International Standard on Quality Management 2 Engagement Quality Reviews".</i></p> <p><i>In our opinion, such provision of information/footnote creates uncertainty as to whether the related provisions specified in ISQM 2 are mandatory for SAI, and it is not clear to what extent they should be applied. Therefore, these requirements either should be clearly developed and presented in ISSAI 140, or a separate guideline should be developed for this purpose, but in any case, clearly noting this in ISSAI 140.</i></p> <p><i>See our analysis of replies to the Explanatory Memorandum</i></p>

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<p><b>SAI Norway</b></p>	<p><i>Comments to 53 b)</i>  <i>The proposal is an annual statement of independence for staff members. We suggest that the independence declaration and documentation could also be made for each audit engagement.</i>  <i>We may suggested to include “and/or each engagement” in the sentence</i>  <i>It is an example, SAIs are free to decide either way</i></p>
<p><b>SAI Ecuador</b></p>	<p>• b) the SAI must obtain documented confirmation that all staff comply with the independence requirements, in accordance with the relevant ethical requirements; and tasks entrusted to them;  <i>It is an example, SAIs are free to determine frequency</i>  <i>A further paragraph (54) could be included, setting the creation of a risk mitigation plan as a requirement, including and summarising the types of responses, audit activities (policy, procedure), time lines, those responsible for implementation, documentation, and efficiency and effectiveness indicators.</i>  <i>A risk mitigation plan would be one of the ways of organising responses, but SAIs should rather be free in determining how they go about it</i></p>
<p><b>AFROSAI E</b></p>	<p>Para 53 (b)including SAI not only obtains but also monitors on an ongoing basis  <i>It is an example, SAIs are free to decide either way</i>          Para 53 (c) also include other activities/work carried out by the SAI  <i>Rephrased</i></p>
<p>Text of the standard</p>	<p>The following are examples of responses to quality risks that the SAI may design and implement to address quality risks:</p> <ul style="list-style-type: none"> <li>a. the SAI establishes policies and procedures for:             <ul style="list-style-type: none"> <li>i. identifying, evaluating and addressing threats to compliance with the relevant ethical requirements; and</li> <li>ii. identifying, communicating, evaluating and reporting of any breaches of the relevant ethical requirements and appropriately responding to the causes and consequences of the breaches in a timely manner;</li> </ul> </li> <li>b. the SAI obtains, at least annually, a documented confirmation of compliance with independence requirements from all personnel required by relevant ethical requirements to be independent;</li> <li>c. the SAI establishes policies and procedures for receiving, investigating and resolving complaints and allegations about failures to perform its engagements <u>and other work</u> in accordance with <u>the ISSAIs or other relevant</u><del>professional</del> standards and applicable legal and regulatory requirements, or non-compliance with the SAI’s policies or procedures;</li> </ul>

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	<p><u>d. the SAI establishes policies and procedures that address situations when it is obliged by legal mandate or request to accept an engagement;</u>  <del>d.</del> the SAI establishes policies and procedures that identify if and when an engagement quality review is an appropriate response to address one or more quality risks. These policies and procedures may address matters such as, but not limited to:</p> <ul style="list-style-type: none"> <li>i. identification of specific engagements or types of engagements that require engagement quality reviews;</li> <li>ii. eligibility to serve as an engagement quality reviewer;</li> <li>iii. impairment of the engagement quality reviewer’s eligibility to perform the engagement quality review; and</li> <li>iv. performance of the engagement quality review.</li> </ul>
<b>SAI of</b>	<b>54</b>
<b>SAI Japan</b>	<p>The SAI shall establish a monitoring and remediation process to:</p> <ul style="list-style-type: none"> <li>a. provide relevant, reliable and timely information about the implementation and operation of the system of quality management;</li> <li>b. identify potential deficiencies in the design and operation of the system of quality management;</li> <li>c. take appropriate action to respond to identified deficiencies such that they are remediated on a timely basis; and</li> <li>d. enable it to assess compliance with ISSAIs <u>or other relevant standards and applicable legal and regulatory requirements</u> and with policies and procedures it has established to address quality risks.</li> </ul> <p><i>“or other relevant standards and applicable legal and regulatory requirements” should be added in d. to assess compliance with them because as mentioned in the comment on Para. 2, there are SAIs not only conduct audits in accordance with the ISSAIs but also conduct audit in accordance with the national standards they have developed based on or are consistent with the principles of the ISSAIs of the hundred series, and SAI is also required to comply with applicable legal and regulatory requirements. Furthermore, ISQM 1 mentions compliance with professional standards and applicable legal and regulatory requirements as a factor in determining the nature, timing and extent of the monitoring activities in Para. 37. (f).</i></p> <p><i>Rephrased</i></p>
<b>SAI Portugal</b>	<p><i>The TdC agrees. Consider the selection, on established criteria, of procedures with quality risk, at least annually (paragraph 65), and verify their compliance with the expected responses is of most relevance and utility.</i></p> <p><i>SAIs should be able to decide on the frequency of procedures proportionate to the risks identified. <del>Examples of such</del></i></p>
<b>SAI Netherlands</b>	<p><b><i>We suggest that “the design” be added to paragraph 54a and “the implementation” to paragraph 54b, because they are relevant and consistent with the wording in ISQM 1.</i></b></p>

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	<p><i>Agreed, change made.</i></p> <p><b>We also suggest including, consistent with ISQM-1, that the monitoring process could also focus on positive outcomes (and not just deficiencies) as positive outcomes can also help to improve and/or further enhance the quality management system.</b></p> <p><i>Explanation: This paragraph (as well as the entire section on the monitoring process) focuses on deficiencies only. But in our experience, lessons can also be learned from things that go well. We believe it has added value to keep an eye out for positives in the monitoring process and not just negatives. The explanatory material of ISQM 1 (e.g. paragraphs A15, A158, A169) does consider positive outcomes or opportunities for the firm to improve, or further enhance the quality management system. ISQM 1, paragraph A169 also states that in addition to investigating the root cause(s) of identified deficiencies, the firm may also investigate the root cause(s) of positive outcomes as doing so may reveal opportunities for the firm to improve, or further enhance, the system of quality management</i></p> <p><i>Agreed, language added.</i></p>
<b>SAI Turkiye</b>	<p><i>A-Subheadings in “5. Organizational Requirements Underpinning A SAI’s System of Quality Management” in the “Table of Contents” are not compatible with those in the text.</i></p> <p><i>We see no discrepancies</i></p>
<b>SAI Costa Rica</b>	<p>...</p> <p><u><b>e. Identity change from performance level required or expected for the system of quality management.</b></u></p> <p><i>Encompassed in 54 a</i></p> <p><u><b>f. Monitors the environment to determine if there are any emerging quality risks.</b></u></p> <p><i>Encompassed in 44</i></p> <p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are consistently using Oxford style across the text</i></p> <p><i>Adding:</i></p> <p><i>The suggestions to add are based on the ISO 31000:2018 model for the monitoring and review phase.</i></p>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>· Defined monitoring criteria should be established to assess the performance of the quality management system, such as: the SAI’s quality policies, quality objectives, performance indicators, and legal and regulatory requirements.</li> </ul> <p><i>We are trying not to be prescriptive about the level of information required, but it would cover criteria and indicators for the information to be relevant, reliable and timely</i></p>



**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

Text of the standard	<p>The SAI shall establish a monitoring and remediation process to:</p> <ul style="list-style-type: none"> <li>a. provide relevant, reliable and timely information about the <u>design</u>, implementation and operation of the system of quality management;</li> <li>b. identify potential <u>strengths and</u> deficiencies in the design, <u>implementation</u> and operation of the system of quality management;</li> <li>c. take appropriate action to respond to identified deficiencies such that they are remediated on a timely basis; and</li> <li>d. enable it to assess compliance with ISSAIs <u>or other relevant standards and applicable legal and regulatory requirements</u> and with policies and procedures it has established to address quality risks.</li> </ul>
SAI of	55
SAI Netherlands	<p><b><i>We propose that a sentence or paragraph be added (either in the application material of this section on the monitoring process or in paragraph 29) about the objectivity of the individuals responsible for the monitoring process, to be consistent with ISQM-1 and not to set the bar lower than the current ISSAI 140.</i></b></p> <p><i>Explanation: Please see our comments on paragraph 29.</i></p> <p><i>This implies going beyond requirements of ISQM1 which only does preclude engagement team members from performing an inspection of this engagement</i></p> <p><i>Current ISSAI 140 defines independence as not taking part in the work or any quality control review of the work</i></p> <p><i>The new standard deliberately is less prescriptive, and intends to be able to cater to a wide variety of SAI situations</i></p>
SAI Sweden	<p><i>There is a possibility that there will be no root cause, which enhances the risk that one will ascribe something as the underlying cause to why the situation is what it is, despite the possibility that the cause is due to a combination of other actions or circumstances. Consider another formulation.</i></p> <p><i>A deficiency in the system would by definition be resulting from a systemic, rather a one-off issue. Therefore it seems there would be an underlying root cause. We don't see a risk that a root cause would be established just 'to tick a box'.</i></p>
Text of the standard	<p>The monitoring and remediation process shall include</p> <ul style="list-style-type: none"> <li><u>a.</u> evaluating findings to determine whether deficiencies exist,</li> <li><u>b.</u> evaluating the severity, pervasiveness and root cause of identified deficiencies,</li> <li><u>c.</u> <del>and</del> designing and implementing appropriate remedial actions to address those deficiencies, <u>and</u></li> <li><u>a-d.</u> <u>evaluating whether the remedial actions have been appropriately designed, implemented and are effective.</u></li> </ul>
<b>NEW</b>	<p><b><u>The SAI shall respond to circumstances when quality management findings indicate that required procedures were omitted during the performance of an engagement or the report issued may not comply with ISSAIs or other relevant standards and applicable laws and regulations.</u></b></p>

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)*

SAI of	56
SAI Peru	<p>It is suggested to include in Organizational Requirement 5 the paragraph of Element 6: Monitoring, of the version of ISSAI 140 that is currently in effect:</p> <p>...</p> <p>c) Requires that those involved in the review be independent (e.g. that they have not been involved in the work or any quality control review of the work).</p> <p>As this paragraph specifies the independence that the monitoring must have.</p> <p>Similar to the previous paragraph, it is suggested to include in the application material for Organizational Requirement 5, the paragraph from the application guidance for SAIs for Element 6: Monitoring, from the version of ISSAI 140 that is currently in force:</p> <p>SAIs should ensure that the system of quality control includes independent monitoring of the range of controls in the SAI (using staff who are not involved in performing the work).</p> <p><i>Indeed, current ISSAI 140 defines independence as not taking part in the work or any quality control review of the work</i></p> <p><i>The new standard deliberately is less prescriptive, and intends to be able to cater to a wide variety of SAI situations</i></p>
SAI Ukraine	<p><i>Paragraph 58 (b) states: ‘establishing a monitoring and remediation process may include ... determining the circumstances when a review of completed engagements is required as part of monitoring activities’. That is, based on this, the review of completed engagements may or may not be a component of monitoring.</i></p> <p><i>At the same time, paragraph 56 states that ‘the monitoring and remediation process shall include reviews of completed engagements based on established criteria for selecting engagements for review’.</i></p> <p><i>Therefore, these points need to be agreed upon in terms of defining whether a review of completed engagements should be included in the process of monitoring.</i></p> <p><i>We suggest taking out this requirement as explained below.</i></p>
SAI Lithuania	<p><i>In accordance with paragraph 56, the process of monitoring the quality management system and remedying identified deficiencies, shall include reviews of completed engagements based on established criteria for selecting engagements for review. In accordance with paragraph 65, the evaluation of effectiveness of the system of quality management shall cover a defined period and be performed at least annually.</i></p> <p><i>It is not clear whether, according to these provisions, in order to assess the effectiveness of the quality management system, the completed engagement, as one of the elements of the system evaluation, should be reviewed/evaluated every year or still depending on the risks it can be</i></p>

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)*

	<p><i>reviewed less frequently?</i></p> <p><i>In our view, the provisions should be specified and presented more clearly in this respect. It would also be appropriate to clarify and provide a provision as to whether the completed engagement must be evaluated in its entirety, or whether it may not be evaluated in its entirety, but only in some elements, for example, only certain significant elements?</i></p> <p><i>The SAI would determine the number, frequency and extent of these procedures.</i></p>
SAI Ecuador	<p>· Follow-up assessments should be carried out to determine whether corrective actions have been effective and whether any shortcomings have been addressed. If they have not been resolved, further action should be taken to address the problems</p> <p><i>We addressed this comment by amending paragraph 55</i></p>
SAI Russia	<p><i>Current version:</i></p> <p><i>“The monitoring and remediation process shall include reviews of completed engagements based on established criteria for selecting engagements for review”.</i></p> <p><i>At the same time, paragraph 13 states that engagement review activities should be “completed on or before the date of the report”.</i></p> <p><i>It is not clear how these two statements correspond to each other.</i></p> <p><i>Engagement quality review and review of completed engagements are two separate matters.</i></p> <p><i>Here and below: it would be better to bring back the term “inspection” for completed engagements (as in paragraph 53 in the previous version and in ISQM 1), to make a definition of it and to formulate the paragraph in the following way:</i></p> <p><i>“The monitoring and remediation process shall include <del>reviews</del> <u>inspections</u> of completed engagements based on established criteria for selecting engagements for <del>review</del> <u>inspection</u>.”</i></p> <p><i>We have added ‘inspection’ to the text to avoid confusion</i></p>
Text of the standard	<p><del>The monitoring and remediation process shall include reviews of completed engagements based on established criteria for selecting engagements for review.</del></p>
	<p><i>We believe SAIs should be allowed to choose the adequate set up of their monitoring and remediation system, taking into account their nature and circumstances. This would also include determining whether review of completed engagements is the best way to assess if responses to address quality risks at the engagement level have been implemented as designed and are operating effectively. We therefore propose to leave it to the discretion of the SAI whether and at what frequency to perform reviews of completed engagements, so option 1 below.</i></p> <p><i>Option 1- take it out from requirements.</i></p>

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	<i>Option 2 – add ‘(also known as inspections)’ to clarify that the term ‘review’ covers what was previously referred to as ‘inspection’</i>
<b>NEW</b>	<b><u>The SAI shall establish policies and procedures that address the objectivity of the individuals performing the monitoring activities.</u></b>
<b>SAI of</b>	<b>57</b>
<b>SAI Algeria</b>	<p><i>Here are some suggestions to improve the monitoring and corrective process further:</i></p> <ol style="list-style-type: none"> <li><i>1. Stakeholder feedback: in addition to seeking comments from the parties audited by the SAI and users of audit reports, consider incorporating comments from other relevant stakeholders, such as government agencies, civil society organisations, and professional associations.</i></li> <li><i>2. Independent review: as well as peer reviews, consider commissioning external experts or organisations to conduct independent reviews of the quality management system. An external review can provide an impartial assessment of the SAI’s processes, identify blind spots or areas for improvement, and recommend corrective action.</i></li> <li><i>3. Technology-assisted monitoring: explore the use of technological tools and data analytics to support monitoring activities. Automated systems can help to identify trends, models or anomalies in the SAI’s operations, enabling proactive identification of gaps and rapid corrective action.</i></li> <li><i>5. Comparative analysis: Compare the SAI’s quality management system with the best practices and standards followed by other leading audit institutions. This comparative analysis can provide valuable information on areas where the SAI can improve and align its practices with international standards.</i></li> <li><i>6. Metrics based on data: establish and monitor key performance indicators (KPIs) that align with the objectives of the quality management system. Use data and metrics to measure the effectiveness of corrective action, identify recurring gaps, and foster continuous improvement.</i></li> <li><i>7. Documentation and reporting: ensure that identified shortcomings and corrective action are properly documented and reported. Keep a centralised repository for monitoring activities and their results. This documentation can serve as proof of compliance, facilitate knowledge sharing, and support future evaluations.</i></li> </ol> <p><i>These examples seem to be more suited for a GUID.</i></p>
Text of the standard	The monitoring and remediation process facilitates the proactive and continual improvement of engagement quality and the system of quality management in addition to enabling the evaluation of the system of quality management.
<b>SAI of</b>	<b>58</b>
<b>SAI Netherlands</b>	<b><i>Regarding paragraph 58a: Please see our comments on paragraph 55 regarding consideration for positive outcomes (and not just deficiencies) in the monitoring process.</i></b>

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	<i>We have amended paragraph 58a in line with amended paragraph 54 following your comment</i>
<b>SAI Costa Rica</b>	<p>...</p> <p>b. Determining the circumstances when a review of completed engagements <del>are is</del> required as part of monitoring activities; and</p> <p>...</p> <p><i>Grammar: change “is” for “are”</i></p> <p><i>“review” is a singular subject, so “is” is the correct term.</i></p> <p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are consistently using Oxford style across the text</i></p>
<b>IDI</b>	<p><i>We suggest highlighting in paragraph 58(c) the objectivity and competency requirements for the individual(s) who will be performing the monitoring activities similar with paragraph 39 of ISQM 1.</i></p> <p><i>Addressed – a new requirement after extant paragraph 56.</i></p>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>• Proposed text: “Establishing a monitoring and correction process may include:             <ol style="list-style-type: none"> <li>a) Designing monitoring activities to identify shortcomings in the approach and functioning of the quality management system;</li> <li>b) Identifying the circumstances under which a review of completed audit processes is required as part of the supervision activities;</li> <li>c) setting criteria for selecting the audit processes to be reviewed, the frequency of the reviews, and who should carry them out”.</li> </ol> </li> </ul> <p><i>We prefer to stay with the current text</i></p> <ul style="list-style-type: none"> <li>• <b>Weaknesses are likely to be identified during audits. It is important to document these shortcomings and classify them according to their levels of severity and priority. The root cause of the shortcomings should also be identified to avoid them arising in future audits.</b></li> </ul> <p><i>Rephrased</i></p>
<b>SAI Russia</b>	<p><i>It would be useful to provide some more details on “inspections” (according to paragraph 56) of completed engagements (e.g. circumstances when inspections may be appropriate; the appointment and eligibility of persons/teams for performing inspections).</i></p> <p><i>This could be usefully developed in a GUID</i></p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

Text of the standard	<p>Establishing a monitoring and remediation process may include:</p> <p>a. designing monitoring activities to identify <u>strengths in the design and operation of the system of quality management;</u>  <u>b. designing monitoring activities to identify, evaluate and remediate</u> deficiencies in the design and operation of the system of quality management;</p> <p><del>b</del>c. determining the circumstances when a review of completed engagements is required as part of monitoring activities; and  <del>e</del>d. establishing criteria for selecting engagements for review, the frequency of reviews and who should perform them.</p>
SAI of	59
SAI Costa Rica	<p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are consistently using Oxford style across the text</i></p>
SAI Ecuador	<p>In determining the nature, timing and scope of supervisory activities, the SAI may take into account:</p> <p>a) its size, structure and organisation;  b) <u>the need to train or specialise specific staff in monitoring processes, follow-up, and process assessment;</u>  c) the reasons for the assessments given to the quality risks;  d) the design of the responses <u>and control activities included in the risk mitigation plan...</u></p> <p><i>Comment to (b) – we think this belongs to the resource function</i>  <i>Comment to (d) – see amendment to point (c)</i></p>
Text of the standard	<p>In determining the nature, timing and extent of the monitoring activities, the SAI may consider:</p> <p>a. its size, structure and organisation;  b. the reasons for the assessments given to the quality risks;  c. the design of the responses <u>to address the quality risks;</u>  d. the design of the SAI’s risk assessment process;  e. the changes in the system of quality management; and  f. the results of previous monitoring activities.</p>
SAI of	60

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

<b>SAI Costa Rica</b>	<i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence. We are consistently using Oxford style across the text</i>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>Proposed text: "... audit organisation circumstances and involvement".</li> </ul> <i>Rephrased</i> <ul style="list-style-type: none"> <li>A team should be created to coordinate all activities necessary to implement a quality management system change.</li> </ul> <i>The SAI could elect to do this, but not necessary to require as part of the standard.</i>
Text of the standard	<p>Changes in the system of quality management may include:</p> <p>a. changes to address an identified deficiency in the system of quality management; and</p> <p>b. changes to the quality objectives, quality risks, or responses to address the quality risks resulting from changes in the nature and circumstances <del>of the audit organization</del> <u>in which the SAI operates</u> and its engagements.</p>
	<b>61</b>
Text of the standard	When changes in the system of quality management occur, the SAI's previous monitoring activities may no longer provide it with information to support the evaluation of the system of quality management. Therefore, it is advisable to include monitoring of those changes in the SAI's monitoring activities.
<b>SAI of</b>	<b>62</b>
<b>SAI Uganda</b>	<i>In case a SAI undertakes monitoring activities for ongoing engagements; the standard should clearly propose remedies where the report is found inappropriate before the signature date. This is because this is one of the core areas of the standard. This should be covered through quality objectives and responses related to performing engagements</i>
<b>SAI Ukraine</b>	<i>We propose to determine (clarify) the difference between the tasks of "ongoing monitoring" and "periodic monitoring". We believe the current description to be at an appropriate level of detail, providing more detail is better suited for a GUID</i>
<b>IDI</b>	<i>Could we include examples of 'on-going monitoring activity'? That is more suited for a GUID</i>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH (in green)**

Text of the standard	Monitoring activities may comprise a combination of ongoing monitoring activities and periodic monitoring activities. Ongoing monitoring activities are generally routine activities, built into the SAI’s processes and performed on a real-time basis, reacting to changing conditions. Periodic monitoring activities are conducted at regular intervals by the SAI.
SAI of	<b>63</b>
<b>SAI Japan</b>	<p>To assist their monitoring and remediation process, SAIs may on a regular or more occasional basis seek feedback that can support the SAI in developing quality and quality management over time. Such feedback may be obtained from <u>follow-up reviews of recommendations</u> or parties audited by the SAI or users of the SAI’s audit reports or through peer reviews or tools provided by INTOSAI, such as the SAI Performance Measurement Framework. A peer review may involve engaging another SAI, or other suitable body, to carry out an independent review of the system of quality management.</p> <p><i>As mentioned in the comment on Para. 40, ISQM 1 that Exposure Draft of ISSAI 140 based on basically assumes assurance engagements where procedures of making recommendations to the audited entity are usually not required. While on the contrary, ISSAI 300 defines ISSAI’ performance audit as non-assurance engagements in Para. 21, and ISSAI 3000 requires that “the auditor shall provide constructive recommendations that are likely to contribute significantly to addressing the weaknesses or problems identified by the audit, whenever relevant and allowed by the SAI’s mandate” in Para. 126. Therefore, “follow-up reviews of recommendations” should be added to set feedback associated with performing non-assurance engagements by following the description in the third paragraph from the bottom of page 22 in the current version of ISSAI 140.</i></p> <p><i>Follow up reviews of recommendations to the audited entities are part of performing engagements rather than monitoring activities</i></p>
<b>SAI Netherlands</b>	<p><b><i>We suggest that “independent academic review” be included as a potential source of external feedback, as it is relevant and consistent with the current ISSAI 140.</i></b></p> <p><i>Explanation: We think that independent academic review is a relevant and widely used source of independent feedback for SAIs on the quality of the work performed and the audit reports issued. This source is listed in the current ISSAI 140, but not in the exposure draft.</i></p> <p><i>We provide examples without aiming to be exhaustive. Rephrased to clarify this</i></p> <p><b><i>We also suggest that the wording of the sentence regarding peer reviews be changed, as it is not consistent with GUID 1900 Peer Review Guidelines regarding who can perform a peer review. We also suggest inclusion of a footnote to this guideline.</i></b></p> <p><i>Explanation: The sentence in paragraph 63 reads: “A peer review may involve engaging another SAI, or other suitable body, to carry out an independent review of the system of quality management”. This seems to indicate that non-SAI institutions could perform a peer review by themselves. The peer review guidelines (section 2 Definition, paragraph 1) specifically state that a peer review is “an external and independent review of one or</i></p>



**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

	<p><i>more elements of the organisation and/or operation of a SAI by a team of professional peers from one or more SAIs”. A footnote explains that: “in particular cases, the reviewed SAI may also consider including experts from non-SAI institutions”. So according to the guideline, non-SAI institutions cannot be the sole reviewer in a peer review. We therefore suggest that the wording of the sentence in the exposure draft be rewritten.</i></p> <p><i>We mean peer review in a generic sense rather than Peer Review based on GUID 1900</i></p>
<b>SAI USA</b>	<p><i>We suggest clarifying or providing examples to the application material in paragraph 63 relating to monitoring the system of quality management and remedying identified deficiencies. Paragraph 63 states to “assist their monitoring and remediation process, SAIs may on a regular or more occasional basis seek feedback that can support the SAI in developing quality and quality management over time. Such feedback may be obtained from parties audited by the SAI or users of the SAI’s audit reports.” We believe that it is unclear how an entity an SAI audits or users of the SAI’s reports may provide feedback that can support the SAI in developing a system of quality management. SAIs should also be mindful of independence concerns that soliciting feedback from audited entities on quality may raise.</i></p> <p><i>Rephrased</i></p>
<b>SAI Russia</b>	<p><i>It is not clear how the feedback may be obtained from any party except the engagement review teams or peer review teams.</i></p> <p><i>It should be also noted that most of the materials of the engagements are usually classified as secret.</i></p> <p><i>It would be useful to provide some details on communication with external parties about the evaluation of the system of quality management (e.g. the circumstances when it may be appropriate to communicate to external parties, examples of the external parties, ways of the evaluation: peer reviews, other options)</i></p> <p><i>Otherwise, it would be better to exclude the paragraph.</i></p> <p><i>Rephrased</i></p>
Text of the standard	<p>To assist their monitoring and remediation process, SAIs may on a regular or more occasional basis seek feedback that can support the SAI in developing quality and quality management over time. <del>Examples of sources of</del>Such feedback <del>may be obtained from</del>include parties audited by the SAI or users of the SAI’s audit reports, stakeholders, or through peer reviews or tools provided by INTOSAI, such as the SAI Performance Measurement Framework. <del>A peer review may involve engaging another SAI, or other suitable body, to carry out an independent review of the system of quality management.</del></p>
<b>SAI of</b>	<b>NEW</b>
<b>SAI Japan</b>	<p><b>Newly added Paragraph below Para. 64</b></p> <p>When the SAI’s work is contracted out, it is recommendable for the SAI to make the contracted external service providers confirm that they have</p>

**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

	<p>effective systems of quality management in place and that they should conduct the contracted work(s) in an impartial manner paying due attention to the necessity of avoiding any conflict of interest. This is because the SAI is responsible for its system of quality management even when the SAI uses resources from external service providers.</p> <p><b><i>(Comment on newly added Paragraph below Para. 64)</i></b></p> <p><i>“When the SAI’s work is contracted out, it is recommendable for the SAI to make the contracted external service providers confirm that they have effective systems of quality management in place and that they should conduct the contracted work(s) in an impartial manner paying due attention to the necessity of avoiding any conflict of interest. This is because the SAI is responsible for its system of quality management even when the SAI by referring to the description in the second paragraph from the top of page 22 in the current version of ISSAI 140.</i></p> <p>This is because Exposure Draft of ISSAI 140 assumes that the SAI uses resources from external service providers in f. of Para. 41. On the other hand, it does not contain external service providers’ systems of quality management in the scope of monitoring process even though the effectiveness of their systems of quality management could affect the service recipient SAI’s system of quality management and the performance of engagements.</p> <p>Furthermore, ISQM 1 supposes that the firm is responsible for its system of quality management even when the firm uses resources from a service provider as it mentions that “Even when the firm complies with network requirements or uses network services or resources from a service provider, the firm is responsible for its system of quality management” in Para. 11.</p> <p><i>We added a new paragraph after extant paragraph 41 to address this point.</i></p> <p><i>A GUID could contain a point that the SAI’s monitoring process could encompass reviewing external services providers’ quality management arrangements</i></p>
<b>SAI of</b>	<b>64</b>
<b>SAI Poland</b>	<p><i>It would be useful to provide the reader with examples of deficiencies met during the monitoring and remediation process of the quality management system. Without it, paragraphs 54-64 can be applied to monitoring of any system, like e.g. document management.</i></p> <p><i>That is more suited for a GUID</i></p>
<b>SAI Netherlands</b>	<p><b><i>We propose the inclusion of the direct line of communication between the individuals responsible for e.g. the monitoring process and the person with the ultimate responsibility and accountability for the quality management system, to remain consistent with ISQM 1 and not to set the bar lower than the current ISSAI 140.</i></b></p> <p><i>Explanation: This paragraph has a very general nature and does not specify who should send what to whom. Furthermore, the direct line of communication that is included in ISQM 1, paragraph 22 is not mentioned here. ISQM 1, paragraph 22 reads: “The firm shall determine that the</i></p>

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	<p><i>individual(s) assigned operational responsibility for the system of quality management, compliance with independence requirements and the monitoring and remediation process, have a direct line of communication to the individual(s) assigned ultimate responsibility and accountability for the system of quality management”.</i></p> <p><i>Furthermore, ISQM 1, paragraph 46 provides more detailed requirements on what should be communicated: “The individual(s) assigned operational responsibility for the monitoring and remediation process shall communicate on a timely basis to the individual(s) assigned ultimate responsibility and accountability for the system of quality management and the individual(s) assigned operational responsibility for the system of quality management: (a) a description of the monitoring activities performed, (b) the identified deficiencies, including the severity and pervasiveness of such deficiencies, and, (c) the remedial actions to address the identified deficiencies”.</i></p> <p><i>Lastly, this direct line of communication is also included in the current ISSAI 140 page 22: “SAIs should ensure the results of the monitoring of the system of quality control are reported to the Head of the SAI in a timely manner, to enable the Head of SAI to take appropriate action”.</i></p> <p><i>In our experience, this direct line of communication is essential and we therefore suggest that a paragraph similar to ISQM 1, paragraph 22 and 46 be included in the application material of the revised ISSAI 140.</i></p> <p><i>We deliberately kept it at a general level so as to be able to cater for different SAIs’ situations</i></p> <p><b><i>We also suggest that a clearer distinction be made between those operationally responsible for the monitoring process and for making recommendations for remediation and the persons who are operationally responsible for the quality management system and the actual remediation of deficiencies.</i></b></p> <p><i>Explanation: We suggest that a clearer distinction be made because the current wording of paragraph 64 may lead to confusion about who is responsible for the communication of identified deficiencies and for making recommendations for remediation on the one hand, and those responsible for elements of the quality management system on the other. We understand that the exposure draft would like to allow these responsibilities to be executed by the same person at small SAIs, but in practice there is a clear distinction between the two at a lot of SAIs. This is e.g. because the monitoring process can also identify deficiencies regarding the persons who are responsible for elements of the quality management system (e.g. an audit director who does not fulfil his/her assigned responsibilities). ISQM 1 also makes a clear distinction between the two operational responsibilities, see our comments on paragraph 28.</i></p> <p><i>As mentioned in our reply to paragraph 28, we deliberately kept it broad to encompass different governance models that may exist</i></p>
<p><b>SAI Ecuador</b></p>	<ul style="list-style-type: none"> <li>• It is important to inform all stakeholders of the upcoming change in quality management. This includes SAI stakeholders and users likely to be affected by the change.</li> </ul>

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	<i>Agree, however that seems more suited for a GUID</i>
<b>SAI Russia</b>	<i>It is not clear who to communicate the deficiencies in the quality management system. Is it about the Head of SAI Similarly to what is said in paragraph 42, it is intended to cover communication at all levels. Up to individual SAIs to decide on implementation model.</i>
Text of the standard	Timely communication on identified deficiencies and remediation from those responsible for specific components of the system of quality management may enable personnel to take action to address the deficiencies in accordance with their responsibilities.
<b>SAI of</b>	<b>65</b>
<b>SAI Algeria</b>	<p><i>Here are some suggestions for improving the evaluation process:</i></p> <ol style="list-style-type: none"> <li><i>1. Objective evaluation criteria: clearly define the evaluation criteria that correspond to the objectives of the quality management system.</i></li> <li><i>2. Gathering and analysis of data: gather relevant data and information to support the evaluation process.</i></li> <li><i>3. External perspective: seek external perspectives and independent evaluations to obtain a more objective view of the effectiveness of the system.</i></li> <li><i>4. Stakeholder feedback: incorporate comments from stakeholders, including parties audited by the SAI and users of audit reports. Collect their views on the SAI's performance and the quality of its services. This feedback can provide valuable information on the perceived effectiveness of the quality management system from the perspective of external stakeholders.</i></li> <li><i>5. Reporting and communication: ensure that the findings and conclusions of the evaluation are clearly documented and sent to the relevant stakeholders.</i></li> </ol> <p><i>These are valid comments, however, we do not see them as part of a requirement</i></p>
<b>SAI Finland</b>	<p><i>Paragraph 28 states that the same individual can be assigned to hold the responsibilities described in paragraphs 28a and 28 b, i.e. being responsible for the system and also operating the system of quality management. If this individual then evaluates and concludes on the objectives met, is there a potential conflict of interest?</i></p> <p><i>Yes, but smaller SAIs have to be pragmatic about it and how to ensure objectivity and independence of mind</i></p>
<b>SAI Austria</b>	<i>As regards the sentence "The evaluation shall cover a defined period and be performed at least annually", it should be considered that an obligatory annual evaluation of the whole system of quality management might overstretch certain SAIs' capabilities. It might be useful to evaluate the whole system of quality management one year after its implementation to ascertain that all relevant matters have been considered. Later on, it might be enough to evaluate single risks and corresponding preventive remediation measures on a regular and ad hoc basis if risks have emerged.</i>

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)*

	<p><i>The evaluation circle should also be defined by each SAI based on its mandate, specific needs, organization, regulatory framework etc. – also in accordance with paragraph 4: “with due consideration of a SAI’s mandate, national legislation, structure, size and the types of audit it performs”.</i></p> <p><i>We do not agree with this. We believe that SAIs should not be held to a lower standard than private firms. Annual evaluation might be equally onerous for small SAIs as for small audit firms.</i></p> <p><i>We should bear in mind that INTOSAI pronouncements foster credibility and relevance of public audit and promote excellence in the application of methodology and support the effective functioning of supreme audit institutions in the public interest</i></p>
<p><b>SAI Netherlands</b></p>	<p><b><i>We suggest that the word “ultimate” be included between “assigned” and “responsibility and accountability”.</i></b></p> <p><i>Explanation: We suggest this addition so that the exposure draft is consistent with ISQM 1, paragraph 23 and to prevent confusion with those assigned with operational responsibilities for the quality management system.</i></p> <p><i>As mentioned in our reply to paragraph xx, this has been drafted deliberately to encompass different governance models that may exist</i></p> <p><i>We also suggest that “annual evaluation” be changed to “periodic evaluation”.</i></p> <p><i>Explanation: We support the thinking behind the requirement to evaluate the quality management system on an annual basis and we know that this requirement is derived directly from ISQM 1. But in our opinion, this requirement as a whole may be a very onerous for small and even medium-sized SAIs. Are they able to evaluate and conclude on the entire quality management system and does annual evaluation have added value? Paragraph 66 allows for some flexibility but is that enough for small or medium-sized SAIs? Furthermore, in our experience it could take longer than 1 year to remedy deficiencies in the design and operation of a quality management system. An annual evaluation would perhaps find little change. Lastly, many SAIs will also periodically ask peers to perform a peer review and the quality management system is a recurring topic in many peer reviews. This could perhaps lead to “evaluation overload” at some SAIs. We would therefore like to suggest that change “annual evaluation” be changed to periodic evaluation” so that SAIs can decide on the frequency that suits them best.</i></p> <p><i>We do not agree with this. We believe that SAIs should not be held to a lower standard than private firms. Annual evaluation might be equally onerous for small SAIs as for small audit firms.</i></p> <p><i>We should bear in mind that INTOSAI pronouncements foster credibility and relevance of public audit and promote excellence in the application of methodology and support the effective functioning of supreme audit institutions in the public interest</i></p>
<p><b>SAI Costa Rica</b></p>	<p><i>An example of a report on essential elements that must be disclosed by the SAI to its stakeholders could be provided.</i></p> <p><i>This would be determined by laws and regulations of a country</i></p>

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<b>SAI Ukraine</b>	<p>We propose to replace the "<del>at least annually</del>" to "<u>regularly, with a period determined by the SAI</u>".</p> <p><i>We do not agree with this. We believe that SAIs should not be held to a lower standard than private firms. Annual evaluation might be equally onerous for small SAIs as for small audit firms.</i></p> <p><i>We should bear in mind that INTOSAI pronouncements foster credibility and relevance of public audit and promote excellence in the application of methodology and support the effective functioning of supreme audit institutions in the public interest</i></p>
<b>IDI</b>	<p>As the head of SAI (paragraph 23 ) has ultimate responsibility for the system of QM, shouldn't the head of SAI also be ultimately responsible for evaluation?</p> <p><i>We are concerned that SAIs will not be able to perform annual evaluations.</i></p> <p><i>We do not agree with this. We believe that SAIs should not be held to a lower standard than private firms. Annual evaluation might be equally onerous for small SAIs as for small audit firms.</i></p> <p><i>We should bear in mind that INTOSAI pronouncements foster credibility and relevance of public audit and promote excellence in the application of methodology and support the effective functioning of supreme audit institutions in the public interest</i></p>
<b>SAI France</b>	<p>Please clarify.</p> <p><i>Is this a suggestion, or a request for SAIs to put in place level-3 controls of the QMS, and should this external quality audit be done by an external auditor or by other SAIs? A peer review could be carried out remotely on the basis of documents from the audited SAIs, once every three years.</i></p> <p><i>While outsourcing the evaluation is not a requirement, in practice it is not prohibited that results of external evaluation feed into the evaluation process. We added a new paragraph clarifying this</i></p>
<b>SAI Norway</b>	<p>We propose the following amendment to the text:</p> <p>"The person or persons assigned responsibility and accountability for the system of quality management shall evaluate the system and conclude on the extent to which its objectives are being achieved. The evaluation shall cover a defined period and be performed at regular intervals, at least every third year.</p> <p>Depending on the system's complexity and stability, the evaluation can be a simple review and does not necessarily have to be a full evaluation."</p> <p><i>We reflected the last suggestion in our amendments</i></p>
<b>SAI Russia</b>	<p><i>Annual evaluation of the system of quality management could be a rather time-consuming task for some SAIs.</i></p> <p><i>Taking into account the differences in SAIs' resources and activities, it is reasonable not to state a specific frequency of the evaluation in the revised</i></p>

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)*

	<p>ISSAI 140.</p> <p><i>We do not agree with this. We believe that SAIs should not be held to a lower standard than private firms. Annual evaluation might be equally onerous for small SAIs as for small audit firms.</i></p> <p><i>We should bear in mind that INTOSAI pronouncements foster credibility and relevance of public audit and promote excellence in the application of methodology and support the effective functioning of supreme audit institutions in the public interest</i></p> <p><i>It is also not clear who are the addressees of the reviews and what is the form of the report on quality management.</i></p> <p><i>This would depend on individual SAI and the environment it operates in</i></p>
Text of the standard	<p>The person or persons assigned responsibility and accountability for the system of quality management shall evaluate the system <u>of quality management</u> <del>and conclude on the extent to which its objectives are being achieved</del>. The evaluation shall cover a defined period and be performed at least annually.</p> <p><i>We suggest to provide more clarity as to what the conclusion is about by adding a new paragraph as below</i></p>
<b>NEW REQUIREMENT</b>	<p><b><u>Based on the evaluation, the person or persons assigned responsibility and accountability for the system of quality management shall conclude, on behalf of the SAI, one of the following:</u></b></p> <p><b><u>a. the system of quality management provides the SAI with reasonable assurance that the objective of the system of quality management is being achieved.</u></b></p> <p><b><u>b. except for matters related to identified deficiencies that have a severe but not pervasive effect on its design, implementation, and operation, the system of quality management provides the SAI with reasonable assurance that the objective of the system of quality management is being achieved.</u></b></p> <p><b><u>c. the system of quality management does not provide the SAI with reasonable assurance that the objective of the system of quality management is being achieved.</u></b></p> <p><i>We suggest to provide more clarity as to what the conclusion is about by adding this text</i></p>
<b>NEW</b>	<p><b><u>The person or persons assigned responsibility and accountability for the system of quality management may be assisted by other individuals in performing the evaluation. Nevertheless, they remain responsible and accountable for the evaluation.</u></b></p>
SAI of	66

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)*

SAI Poland	<p><i>In the application part of requirement 6 some insight would be welcome into what is specific for evaluating and concluding on the effectiveness of the quality management system exactly.</i></p> <p><i>Paragraph 67 provides this information</i></p>
SAI Netherlands	<p><b><i>We suggest that this paragraph be reworded to reflect that the individual(s) responsible for the evaluation may be assisted by other individuals but that they still remain responsible and accountable for the evaluation.</i></b></p> <p><i>Explanation: The sentence beginning “In smaller SAIs” in this paragraph states that the person(s) performing the evaluation may be directly involved in the monitoring and remediation process. In our opinion, this wording could lead to confusion about the responsibilities for the evaluation. We therefore suggest that this paragraph also state that the individual(s) who are ultimately responsible may be assisted by other individuals in performing the evaluation, (e.g. by the persons operationally responsible for the monitoring and remediation process) but that they still remain responsible and accountable for the evaluation. This suggested wording is consistent with the wording in ISQM 1 (e.g. paragraph A187).</i></p> <p><i>We added a new paragraph to cover this</i></p>
Text of the standard	<p>The information that provides the basis for the evaluation of the effectiveness of the system of quality management can be obtained in a number of ways. When defining these processes, the SAI has regard to the complexity of its organisation, operating environment and the types of engagements performed. In smaller SAIs, the person(s) performing the evaluation may be directly involved in the monitoring and remediation and will therefore be aware of the information that supports the evaluation of the system of quality management. In larger SAIs, the person(s) performing the evaluation may need to establish processes to collate, summarise and communicate the information needed to evaluate the system of quality management.</p>
SAI of	67
SAI Netherlands	<p><b><i>We suggest that the word “ultimate” be included before “responsibility and accountability” to be consistent with ISQM-1 and paragraph 23.</i></b></p> <p><i>As mentioned in our reply to paragraph 23, this has been drafted deliberately to encompass different governance models that may exist</i></p>
SAI Costa Rica	<p><i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.</i></p> <p><i>We are consistently using Oxford style across the text</i></p>
SAI Ukraine	<p><i>Paragraph 67 (a) states: “the SAI’s quality management risk assessment process, including its quality objectives...”</i></p> <p><i>On our opinion, quality objectives are not included in quality management risk assessment process, so we propose to replace <del>‘its quality objectives’</del> with <u>‘its impact for quality objectives’</u>.</i></p> <p><i>Quality objectives are part of quality management risk assessment process. See amendment to paragraph 24 which should have clarified this</i></p>



**REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)***

<b>SAI Canada</b>	<p><i>This paragraph refers to one person (uses the singular for the word “person”) being assigned responsibility and accountability for the system of quality management while paragraph 65 refers to more than one person (the person or persons) being assigned responsibility and accountability for the system of quality management. This is inconsistent.</i></p> <p><i>Agreed, change made.</i></p>
<b>SAI Norway</b>	<p><i>Comment to 67 b):</i></p> <p><i>As learning and development is an important part of quality management, it could be useful to include learning, improvement and/or development as an element under the results listed in b.</i></p> <p><i>Rephrased</i></p>
<b>SAI Ecuador</b>	<ul style="list-style-type: none"> <li>• Proposed text: “... if the effect of the shortcomings identified in the quality management system has been adequately addressed, e.g. whether appropriate additional measures have been taken”</li> </ul> <p><i>We prefer to stay with the original text</i></p>
Text of the standard	<p>In concluding on the system of quality management, the person <u>or persons</u> assigned responsibility and accountability for the system of quality management may consider</p> <ol style="list-style-type: none"> <li>a. the SAI’s quality management risk assessment process, including its quality objectives, quality risks, and a description of the responses and the extent to which the SAI’s responses address the quality risks; and</li> <li>b. the results of the monitoring and remediation process, including: <ol style="list-style-type: none"> <li>i. <del>identified strengths in the design and operation of the system of quality management,</del></li> <li>ii. <u>the severity and pervasiveness of identified deficiencies and the effect on the achievement of the objective of the system of quality management;</u></li> <li>iii. <u>whether remedial actions have been designed and implemented by the SAI and whether the remedial actions taken up to the time of the evaluation are effective; and</u></li> <li>iiii. <u>whether the effect of identified deficiencies on the system of quality management has been appropriately corrected, such as whether further actions have been taken as appropriate.</u></li> </ol> </li> </ol>
<b>SAI of</b>	<b>68</b>
<b>SAI Costa Rica</b>	<p><i>An example of a report on essential elements that must be disclosed by the SAI to its stakeholders could be provided.</i></p> <p><i>This would be determined by laws and regulations of a country</i></p>

REVISION OF ISSAI 140 – ANALYSIS OF COMMENTS TO EXPOSURE DRAFT BY RESPONDENT/PARAGRAPH *(in green)*

Text of the standard	Applicable laws, regulations, or other factors could create circumstances when it is appropriate to communicate the conclusion on the effectiveness of the system of quality management to external parties. In such circumstances, it is advisable for the SAI to establish procedures as to how such conclusions are reported.
SAI of	69
SAI Algeria	<i>We also recommend aligning documentation practices with internationally recognised standards and best practices in the area of quality management. This ensures that the documentation is comprehensive, effective and adapted to the organisation’s needs. We largely based ourselves on the ISQM1 in this respect. No other international standard was suggested</i>
SAI Costa Rica	<i>In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence. We are consistently using Oxford style across the text</i>
SAI Ecuador	<ul style="list-style-type: none"> <li>It is important to set up systems to check the documentation created and to ensure that only up-to-date documents are being used.</li> </ul> <i>Indeed, this would be part of the monitoring process.</i>
Text of the standard	<p>The SAI shall prepare documentation of its system of quality management that is sufficient to:</p> <ol style="list-style-type: none"> <li>provide evidence of the design, implementation and operation of the system of quality management;</li> <li>support a consistent understanding of the system of quality management by the personnel, including their roles and responsibilities within the system of quality management and in performing engagements;</li> <li>support the consistent implementation and operation of the system of quality management; and</li> <li>support the monitoring and evaluation of the system of quality management.</li> </ol>
<b>NEW</b>	<b><u>The SAI shall establish a period of time for retaining documentation for the system of quality management taking into account relevant standards, laws and regulations.</u></b>
SAI of	70
SAI USA	<p><i>We believe that ISSAI 140 could be enhanced by including additional information to assist SAIs in effectively documenting their systems of quality management. We suggest adding application guidance to provide examples of information that an SAI may include in documentation of its system, such as</i></p> <ul style="list-style-type: none"> <li><i>the SAI’s quality objectives and quality risks;</i></li> </ul>

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	<ul style="list-style-type: none"> <li>• a description of the responses and how the SAI's responses address the quality risks;</li> <li>• information regarding the monitoring and remediation process, including evidence of the monitoring activities performed, the evaluation of findings and identified deficiencies and their underlying causes, remedial actions to address identified deficiencies and the evaluation of the design and implementation of such remedial actions, and communications about monitoring and remediation; and</li> <li>• the basis for the conclusions reached regarding the evaluation of the system of quality management.</li> </ul> <p><i>Agreed, change made.</i></p>
Text of the standard	A SAI's judgments about the form, content, and extent of documentation may be affected by factors related to the nature and complexity of the SAI and engagements performed. Areas of greater quality risk, matters involving more complex judgments, and changes to aspects of the system of quality management may have a greater effect on the form, content, and extent of documentation.
<b>NEW</b>	<p><u>A SAI may include in documentation of its system of quality management:</u></p> <ul style="list-style-type: none"> <li><u>a) the SAI's quality objectives and quality risks;</u></li> <li><u>b) a description of the responses and how the SAI's responses address the quality risks;</u></li> <li><u>c) information regarding the monitoring and remediation process, including evidence of the monitoring activities performed, the evaluation of findings and identified deficiencies and their underlying causes, remedial actions to address identified deficiencies and the evaluation of the design and implementation of such remedial actions, and communications about monitoring and remediation; and</u></li> <li><u>d) the basis for the conclusions reached regarding the evaluation of the system of quality management.</u></li> </ul>



## ISSAI 140 Quality management for SAIs

### Working group's analysis of replies to the questions in Explanatory Memorandum

The analysis below is based on the feedback from 43 respondents. Majority of respondents were positive and had no comments either to the text itself or to the questions in the Explanatory Memorandum (EM). However, some individual comments (to the text and replies to questions in EM) were very valid and convincing enough for us to reconsider some elements/formulations in the text. We provide our analysis of comments by question in separate files and a general overview below.

#### Question 1:

**Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.**

*Majority of respondents (78%) were positive.*

*There were a few overlapping comments which were largely addressed by our review and analysis of individual paragraphs.*

#### **Conclusion**

*We have attempted to strike a balance between providing for a robust effective standard and permitting SAIs to adapt the requirements for their nature and circumstances.*

#### Question 2:

**Do you agree with the changes in the ISSAI 100?**

*A vast majority of respondents (85%) were positive.*

#### **Conclusion**

*To address comments from some respondents, we propose to amend paragraph 36 to align with paragraphs 35 and 37, and to remove reference to ISSAI 140 from paragraph 40 as this is not valid any more after revision of ISSAI 140. We also propose to amend paragraph 36 to include all organisational requirements of ISSAI 140. This will align the text with the related heading, which is 'Organisational requirements' and will remove confusion expressed by some respondents as to the relation between the elements of the system and requirements. We also suggest some minor edits to improve the overall quality of the text.*



**Question 3a:**

**Do you agree with our approach to structuring ISSAI 140?**

*Majority of respondents (80%) were positive.*

**Conclusion**

*There were a few detailed comments which have largely been addressed in our review and analysis of individual paragraphs of the text.*

**Question 3b:**

**Have we set the requirements at the right level?**

*A vast majority of respondents (88%) were positive.*

**Conclusion**

*We have addressed most individual comments through amendments to the text and/or provided explanations as applicable.*

*We are confident that the revised ISSAI 140 while being a robust and effective standard will permit SAs to adapt the requirements to their nature and circumstances they are operating in.*

**Question 3c:**

**Do you see any elements of the application material that should be elevated to the level of requirements?**

*A vast majority of respondents (93%) were positive.*

**Conclusion**

*We have addressed most individual comments through amendments to the text and/or provided explanations as applicable.*

*We are confident that the revised ISSAI 140 while being a robust and effective standard will permit SAs to adapt the requirements to their nature and circumstances they are operating in.*

**Question 3d:**

**Do you find the examples for responses to quality risks sufficient for identifying responses across components?**

*Majority of respondents (80%) were positive*

**Conclusion**

*Replies to this question as well as some comments on the text indicate a need for a GUID to be developed.*



**Question 4:**

**Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?**

*A vast majority of respondents (88%) were positive*

**Conclusion**

*We recognise the distinction in the governance and organisational structure between private sector firms and SAIs where the Head of SAI takes ultimate responsibility for the system of quality management and is frequently subject to public scrutiny (e.g. before parliament or other public forum). Accordingly, we believe SAIs should be allowed to choose the adequate set up of their monitoring and remediation system, taking into account their nature and circumstances. This would also include determining whether review of completed engagements is the best way to assess if responses to address quality risks at the engagement level have been implemented as designed and are operating effectively. Also, including one particular element of the monitoring process as a requirement, solely on the basis that it was a requirement in the extant ISSAI 140, would not be in line with the spirit of the revised ISSAI 140. We therefore propose to leave it to the discretion of the SAI whether and at what frequency to perform reviews of completed engagements.*

**Question 5:**

**Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?**

*Majority of respondents (73%) agreed*

**Conclusion**

*Some respondents raised concerns as to the feasibility and cost for smaller SAIs. We do not agree with this. We believe that SAIs should not be held to a lower standard than private firms. Annual evaluation might be equally onerous for small SAIs as for small audit firms.*

*We should bear in mind that INTOSAI pronouncements foster credibility and relevance of public audit and promote excellence in the application of methodology and support the effective functioning of supreme audit institutions in the public interest.*



**Question 6a:**

**Do you agree with our approach [to definitions]?**

*A vast majority of respondents (93%) were positive*

**Conclusion**

*We have addressed most individual comments through amendments to the text and/or provided explanations as applicable. We have notably amended the definition of 'engagement' following the concerns expressed by several respondents as to whether jurisdictional and other activities are covered by ISSAI 140. The revised definition refers to work covered by IFPP rather than to ISSAIs.*

*Please see details in individual comments to the text.*

**Question 6b:**

**Do you have any comments/suggestions on the definitions including the new proposed definitions of Culture and Quality?**

*Majority of respondents (80%) were positive*

**Conclusion**

*We have addressed most individual comments through amendments to the text and/or provided explanations as applicable.*

**Question 7:**

**Do you agree with setting effective date as one year following the final approval?**

*A vast majority of respondents (85%) were positive*

**Conclusion**

*Given the uncertainty as to the understanding of some concepts transpiring from the replies, we suggest setting the effective date at least two years following the final approval, while encouraging early adoption. This will allow for education and the development of material such as IDI's Playbook.*

Nom de l'organisation	<i>Cour des comptes d'Algérie</i>
Date	
Paragraphe	Comments
<p>1- Pour que les institutions supérieures de contrôle (ISC) atteignent leurs objectifs stratégiques et remplissent leur mandat, il est essentiel que tous les aspects de leurs opérations soient de haute qualité et conduisent à des résultats de haute qualité. La qualité doit être intégrée dans la stratégie, la culture, les politiques et les procédures d'une ISC. La qualité du travail et des résultats d'une ISC a une incidence sur sa réputation et sa crédibilité, et, en fin de compte, sur sa capacité à remplir efficacement son mandat.</p>	<p>There are no comments for this paragraph.</p>
<p>2- L'intérêt public est mieux servi par une ISC qui s'acquitte de ses missions à un niveau de qualité constamment élevé. La conception, la mise en œuvre et le fonctionnement d'un système de gestion de la qualité aident une ISC à atteindre cet objectif et fournissent une assurance raisonnable que ses processus sont conformes aux normes internationales des institutions supérieures de contrôle des finances publiques (ISSAI) et aux exigences légales et réglementaires applicables.</p>	<p>Well-designed quality management can help the SAI to obtain the following benefits:</p> <ol style="list-style-type: none"> <li>1. Assist the SAI in streamlining its processes and procedures, reducing the time and resources needed to carry out its work. This can lead to an improvement in the efficiency and effectiveness of the provision of audit services.</li> <li>2. Build trust among stakeholders, thereby helping to strengthen the SAI's reputation and credibility.</li> <li>3. Improve risk management: quality management can help the SAI to identify and manage the risks associated with its audit work.</li> <li>4. Continuous improvement: this can help to ensure that the SAI's work remains relevant and responsive to the changing needs and expectations of stakeholders.</li> </ol>
<p>3- Les ISSAI promeuvent un audit indépendant et efficace par les ISC et soutiennent ainsi la crédibilité et la fiabilité de l'audit du secteur public.</p>	<p>There are no comments for this paragraph.</p>
<p>4- L'ISSAI 140 : Gestion de la qualité pour les ISC est destinée à être utilisée conjointement avec les autres ISSAI et en tenant dûment compte du mandat, de la législation nationale, de la structure, de la taille et des types d'audit qu'elle effectue. La norme permet une flexibilité appropriée dans l'application des exigences organisationnelles, pour répondre à des considérations spécifiques propres à chaque ISC.</p>	<p>There are no comments for this paragraph.</p>
<p>5- L'ISSAI 140 a pour objet de définir les exigences organisationnelles qu'une ISC doit suivre en matière de gestion de la qualité lorsqu'elle revendique la conformité aux ISSAI. L'ISSAI 140 a le même objectif que la norme internationale de management de la qualité (ISQM) 1.</p> <p>Les principes de ce dernier sont adaptés au besoin pour s'appliquer aux ISC et au contexte du secteur public dans lequel elles travaillent.</p>	<p>There are no comments for this paragraph.</p>



<p>6- L'ISSAI 140 traite du rôle et des responsabilités de l'ISC au niveau organisationnel et s'applique à tous les types d'engagements couverts par les ISSAI.</p> <p>L'ISSAI 140 peut également être utilisée pour les activités juridictionnelles et autres menées par l'ISC.</p>	<p>There are no comments for this paragraph.</p>
<p>7- L'ISSAI 140 est complétée par d'autres prises de position de l'INTOSAI relatives à la gestion de la qualité pour des types d'audit spécifiques et au niveau de la mission.</p>	<p>In order to make this paragraph clearer, we recommend providing more detail on the specific types of audit for each corresponding assignment.</p>
<p>8- L'ISSAI 100 Principes fondamentaux de l'audit du secteur public prévoit que chaque ISC doit établir et maintenir un système de gestion de la qualité pour lui fournir l'assurance raisonnable que l'ISC effectue tous les audits et autres travaux à un niveau de qualité constamment élevé et conformément aux ISSAI ou autres normes pertinentes et exigences légales et réglementaires applicables. Le système de gestion de la qualité d'une ISC aborde généralement les composants interconnectés suivants de manière continue et itérative :</p> <ul style="list-style-type: none"> <li>• Le processus d'évaluation des risques de l'ISC ;</li> <li>• gouvernance et leadership ;</li> <li>• les exigences éthiques pertinentes ;</li> <li>• l'acceptation, l'initiation et la poursuite des missions ;</li> <li>• réalisation de missions et rédaction de rapports d'audit ;</li> <li>• ressources de l'ISC ;</li> <li>• information et communication ; et</li> <li>• processus de surveillance et de remédiation.</li> </ul>	<p>There are no comments for this paragraph.</p>
<p>9- L'ISSAI 140 définit les exigences organisationnelles des ISSAI sur la base de ce principe dans l'ISSAI 100. L'ISC doit se conformer à toutes les exigences organisationnelles de cette norme afin de pouvoir affirmer qu'elle a effectué des audits conformément aux ISSAI. L'autorité des ISSAI est définie plus en détail dans l'ISSAI 100.</p>	<p>There are no comments for this paragraph.</p>
<p>10- Culture - environnement opérationnel englobant les normes de comportement et l'éthique partagée, la vision, la mission, les croyances et les valeurs fondamentales, les objectifs, les attitudes, les compétences, les procédures, les politiques et les pratiques, et la communication, qui caractérisent une ISC et son fonctionnement.</p>	<p>There are no comments for this paragraph.</p>
<p>11- Il y a déficience dans le système de gestion de la qualité de l'ISC lorsque :</p> <p>a. un objectif de qualité approprié n'est pas établi, ou établi</p>	<p>There are no comments for this paragraph.</p>

<p>incorrectement ;</p> <p>b. un risque qualité, ou une combinaison de risques qualité, n'est pas identifié ou correctement évalué ;</p> <p>c. une réponse, ou une combinaison de réponses, ne réduit pas à un niveau acceptablement bas la probabilité qu'un risque lié à la qualité se produise parce que la ou les réponses ne sont pas correctement conçues, mises en œuvre ou ne fonctionnent pas efficacement ; ou</p> <p>d. un autre aspect du système de gestion de la qualité est absent, ou n'est pas correctement conçu, mis en œuvre ou fonctionne efficacement, de sorte qu'une exigence de la présente norme n'a pas été satisfaite.</p>	
12-	There are no comments for this paragraph.
13-	There are no comments for this paragraph.
14-	
15-	
16- Constatations – concernant un système de gestion de la qualité, informations sur la conception, la mise en œuvre et le fonctionnement du système de gestion de la qualité, qui indiquent qu'une ou plusieurs lacunes peuvent exister.	There are no comments for this paragraph.
17- Chef de l'ISC – personne ou groupe de personnes au plus haut niveau qui dirige ou gère l'institution et qui a le pouvoir de déléguer des pouvoirs et d'allouer des ressources au sein de l'institution.	There are no comments for this paragraph.
18- Qualité – la mesure dans laquelle le travail effectué et les rapports émis par l'ISC sont conformes aux normes professionnelles et aux exigences légales et réglementaires applicables et répondent aux besoins des parties prenantes.	In addition to professional standards, international best practice in this field may also be taken into account.
19- Objectifs de qualité - résultats souhaités à atteindre par les composants du système de gestion de la qualité.	The concept of quality objectives as described in the paragraph is clear and concise. However, it might be helpful to provide more context to illustrate how quality objectives are established and aligned with the organisation's overall objectives.
<p>20- Risque de qualité – un risque qui a une possibilité raisonnable de :</p> <ul style="list-style-type: none"> <li>• survenant, et</li> <li>• individuellement ou en combinaison avec d'autres risques, affectant négativement la réalisation d'un ou plusieurs objectifs de qualité.</li> </ul>	There are no comments for this paragraph.

<p>21- Réponse – politiques et procédures conçues et mises en œuvre par une ISC, et actions entreprises au sein du système de gestion de la qualité pour faire face à un ou plusieurs risques qualité.</p> <p>Les politiques sont des énoncés de ce qui devrait ou ne devrait pas être fait pour faire face à un risque qualité. Ces déclarations peuvent être documentées, explicitement énoncées dans les communications ou sous-entendues par des actions et des décisions ;</p> <p>Les procédures sont des actions de mise en œuvre des politiques.</p> <p>Ceux-ci peuvent être :</p> <p>a. préventif : conçu et mis en œuvre pour prévenir le risque survenant, visant la cause première du risque ;</p> <p>b. correctif : conçu et mis en œuvre pour atténuer les effets d'un « risque qui se produit » et pour empêcher qu'il ne se reproduise.</p>	<p>There are no comments for this paragraph.</p>
<p>22- L'ISC doit concevoir, mettre en œuvre et exploiter un système de gestion de la qualité en tenant compte de la nature et des circonstances changeantes de l'ISC. Le système doit couvrir tous les types d'engagements couverts par les ISSAI et peut également couvrir les activités juridictionnelles et autres menées par l'ISC. Le système doit être intégré dans l'activité opérationnelle de l'ISC.</p>	<p>In order to make the passage easier to understand, it would be helpful to provide additional context on the SAI's operational environment. This could include factors such as the SAI's size, its organisational structure, the complexity of its tasks, and the specific challenges it faces. Taking these contextual elements into account, the reader can better understand how the quality management system is adapted to the SAI's unique circumstances, thus ensuring that it is effective and relevant.</p>
<p>23- Le chef de l'ISC assume la responsabilité ultime du système de gestion de la qualité.</p>	<p>The passage states that the SAI Head has ultimate responsibility for the quality management system. Although this statement recognises the role and responsibility of the SAI Head, it lacks clarity and context.</p> <p>In order to provide a more comprehensive response, it would be helpful to clarify the responsibilities and specific actions that the SAI Head should undertake with regard to the quality management system.</p> <p>Developing the specific duties and expectations of the SAI Head in relation to the quality management system would make it easier to understand their crucial role in promoting and maintaining quality practices within the institution.</p>
<p>24- L'ISC doit concevoir et mettre en œuvre un processus d'évaluation des risques pour établir des objectifs de qualité, identifier et évaluer les risques de qualité, et concevoir et mettre en œuvre des réponses pour faire face aux risques de qualité.</p>	<p>Although the passage provides a general overview of the SAI's responsibility for risk assessment, there is a lack of additional detail that could improve the actual meaning. In order to provide a more comprehensive perspective, it would be helpful to clarify the key elements and steps involved in the risk assessment process.</p>

<p>25- Le système de gestion de la qualité doit inclure les objectifs pertinents pour garantir que l'ISC dispose de l'indépendance nécessaire et est en mesure d'effectuer ses travaux d'audit avec une qualité suffisante conformément aux ISSAI. L'ISC doit intégrer dans le système de gestion de la qualité les objectifs pertinents pour assurer le respect des principes et des exigences organisationnelles de l'ISSAI 130 : Code de déontologie, et de l'ISSAI 150 : Compétence de l'auditeur, ainsi que les ISSAI applicables aux audits individuels.</p>	<p>Overall, the passage effectively stresses the importance of aligning the objectives of the quality management system with the principles, ethics and competence requirements described in the relevant ISSAIs. This alignment helps to ensure that the SAI maintains its independence, performs audits of sufficient quality, and meets professional standards.</p>
<p>26- Une culture solide soutient la conception, la mise en œuvre et le fonctionnement du système de gestion de la qualité dans la réalisation des objectifs de qualité de l'ISC.</p>	<p>There are no comments for this paragraph.</p>
<p>27- La responsabilité du système de gestion de la qualité implique de comprendre l'objectif du système de gestion de la qualité dans l'ISC et de mettre en place un système de gouvernance approprié pour superviser le fonctionnement du système.</p>	<p>There are no comments for this paragraph.</p>
<p>28- Pour faire fonctionner le système de gestion de la qualité, le chef de l'ISC peut attribuer des responsabilités à des personnes pour le système et les tenir responsables de la manière dont ils exercent ces responsabilités. Cela peut impliquer d'attribuer à :</p> <p>a. une personne ou un groupe de personnes tel que le plus haut fonctionnaire ou groupe de fonctionnaires la responsabilité et l'obligation de rendre compte du système de gestion de la qualité ;</p> <p>b. une personne ou un groupe de personnes la responsabilité opérationnelle d'aspects spécifiques du système, y compris le respect des exigences d'indépendance, ainsi que le processus de surveillance et de remédiation.</p> <p>Dans les petites ISC, toutes ces responsabilités peuvent être confiées à la même personne.</p>	<p>There are no comments for this paragraph.</p>
<p>29- Les personnes assignées à ces responsabilités ont l'expérience, les connaissances, l'influence et l'autorité appropriées, et suffisamment de temps pour les remplir selon la norme requise. Ils comprennent les rôles qui leur sont assignés et comment ils sont responsables.</p>	<p>There are no comments for this paragraph.</p>
<p>30- L'indépendance d'une ISC est une condition préalable à l'exécution d'un travail de qualité. Les principes de l'INTOSAI sur l'indépendance sont énoncés dans les INTOSAI P, notamment dans la Déclaration de l'INTOSAI P-10 de Mexico sur l'indépendance des ISC.</p>	<p>This independence must therefore be consolidated and strengthened by a solid legal framework governing each SAI at national level.</p>

<p>31- Pour une ISC qui effectue des audits conformément aux ISSAI, les ISSAI fourniront une base importante pour établir des objectifs de qualité. Par exemple, l'ISSAI 130 fournit des principes d'intégrité, d'indépendance et d'objectivité, de compétence, de comportement professionnel et de confidentialité et de transparence dans le contexte de l'éthique. L'ISSAI 150 établit les exigences organisationnelles relatives aux compétences des auditeurs. Le respect de ces principes et exigences organisationnelles est un objectif pertinent lors de la mise en place du système de gestion de la qualité de l'ISC. Au sein des ISSAI, différentes exigences sont applicables au niveau des missions individuelles d'audits financiers, d'audits de conformité et d'audits de performance. Le système de gestion de la qualité sert à garantir à la direction de l'ISC que les audits sont effectués conformément aux ISSAI applicables aux audits individuels.</p>	<p>There are no comments for this paragraph.</p>
<p>32- L'ISC doit établir des objectifs de qualité adaptés à sa situation que le système de gestion de la qualité vise à atteindre. Les objectifs de qualité sont associés à la gouvernance et au leadership ; l'accomplissement des responsabilités de l'ISC conformément aux exigences éthiques ; l'acceptation, l'initiation et la poursuite des engagements ; effectuer des missions et publier des rapports d'audit ; ressources de l'ISC ; et l'information et la communication.</p>	<p>There are no comments for this paragraph.</p>
<p>33- L'ISC doit évaluer si des modifications des objectifs de qualité sont nécessaires pour refléter les changements dans la nature et les circonstances de l'ISC ou de ses engagements.</p>	<p>There are no comments for this paragraph.</p>
<p>34- Les lois, réglementations et normes professionnelles peuvent créer une exigence d'objectifs de qualité spécifiques.</p>	<p>There are no comments for this paragraph.</p>
<p>35- Lors de l'établissement des objectifs de qualité, il est recommandé à l'ISC de prendre en compte :</p> <ul style="list-style-type: none"> <li>a. le contexte de son travail et son impact sur ses objectifs de qualité ;</li> <li>b. la nécessité de séparer les objectifs de qualité en sous-objectifs afin de faciliter l'identification et l'évaluation par l'ISC des risques pour les objectifs de qualité et d'établir des réponses appropriées.</li> </ul>	<p>There are no comments for this paragraph.</p>
<p>36- Les objectifs de qualité associés à la gouvernance et au leadership de l'ISC peuvent inclure un ou plusieurs des éléments suivants :</p> <ul style="list-style-type: none"> <li>a. l'ISC démontre un engagement envers la qualité dans la culture de</li> </ul>	<p>There are no comments for this paragraph.</p>

<p>l'ISC ;</p> <p>b. le leadership est responsable et comptable de la qualité ;</p> <p>c. le leadership démontre un engagement envers la qualité par ses actions et ses comportements ;</p> <p>d. la structure organisationnelle et l'attribution des rôles, des responsabilités et de l'autorité sont appropriées pour permettre la conception, la mise en œuvre et le fonctionnement du système de gestion de la qualité de l'ISC ;</p> <p>e. les besoins en ressources sont planifiés et les ressources sont obtenues, allouées et affectées d'une manière qui démontre l'engagement de l'ISC envers la qualité.</p>	
<p>37- Les objectifs de qualité associés aux exigences éthiques peuvent confirmer que l'ISC et son personnel comprennent et s'acquittent de leurs responsabilités en ce qui concerne les exigences légales et éthiques pertinentes (telles que celles énoncées dans l'ISSAI 130 Code de déontologie), y compris celles liées à l'indépendance.</p>	<p>The passage stresses that the setting of quality objectives linked to ethical requirements demonstrates the SAI's commitment to professionalism and integrity. It strengthens the SAI's responsibility to comply with legal and ethical standards, instills public trust in its work, and ensures that audits and activities are conducted in a transparent, accountable and trustworthy manner. These objectives foster an ethical culture, guide staff in fulfilling their responsibilities, and contribute to the credibility and independence of – and public trust in – the SAI.</p>
<p>38- Les objectifs de qualité associés à l'acceptation, au lancement et à la poursuite des missions peuvent spécifier que l'ISC n'acceptera, ne lancera et ne poursuivra normalement les missions que si elle :</p> <p>a. respecte les normes professionnelles, les exigences légales et réglementaires applicables et les principes éthiques ;</p> <p>b. agit dans le cadre de son mandat légal ou de son autorité ; et</p> <p>c. a les capacités, y compris le temps et les ressources, pour le faire.</p>	<p>To support this paragraph, we would recommended referring to the need to put mechanisms in place to ensure compliance in practice with the standards and other parameters mentioned.</p>
<p>39- Les engagements d'une ISC peuvent découler (1) de ses mandats légaux, (2) à la suite de demandes des instances législatives ou des organes contrôle, et (3) à sa propre discrétion. Dans les cas de mandats et de demandes juridiques, l'ISC peut être tenue de mener la mission et peut ne pas être autorisée à prendre des décisions concernant l'acceptation ou le maintien ou à abandonner ou se retirer de la mission.</p>	<p>We would recommend clarifying here whether referral to the SAI by the legislative or other supervisory bodies is not contrary or detrimental to the principle of the SAI's independence.</p>
<p>40- Les objectifs de qualité associés à la réalisation des missions et à la publication des rapports d'audit peuvent définir des attentes sur la mesure dans laquelle :</p>	<p>There are no comments for this paragraph.</p>

<p>a. les équipes de mission comprennent et s'acquittent de leurs responsabilités dans le cadre des missions, y compris la responsabilité globale de la personne responsable de la gestion et de la qualité de la mission et d'une implication suffisante et appropriée tout au long des différentes étapes de la mission ;</p> <p>b. la nature, le calendrier et l'étendue de la direction et de la supervision des équipes de mission et de l'examen des travaux effectués sont appropriés en fonction des caractéristiques spécifiques des missions et des ressources affectées ou mises à la disposition de l'équipe de mission ;</p> <p>c. les équipes de mission exercent un jugement professionnel et un scepticisme professionnel appropriés ;</p> <p>d. une consultation sur les questions importantes est entreprise, en particulier pour les questions difficiles ou litigieuses, et les conclusions convenues sont mises en œuvre et, le cas échéant, documentées ;</p> <p>e. divergences d'opinion (par exemple, au sein de l'équipe de mission, ou entre l'équipe de mission et le responsable de la revue de la qualité de la mission ou des personnes exerçant des activités au sein du système qualité de l'ISC ;</p> <p>gestion) sont portés à l'attention des responsables au niveau approprié de l'ISC, résolus et documentés de manière appropriée ;</p> <p>F. les rapports d'audit sont appropriés et répondent aux besoins des parties prenantes ; et</p> <p>g. la documentation de la mission est rassemblée en temps opportun après la date du rapport d'audit et est correctement entretenue et conservée pour répondre aux besoins de l'ISC et pour se conformer à la loi, à la réglementation, aux exigences éthiques pertinentes et aux normes professionnelles.</p>	
<p>41- Les objectifs de qualité associés aux ressources de l'ISC peuvent inclure :</p> <p>a. le personnel est recruté, formé et retenu qui possède les compétences et les capacités nécessaires pour effectuer des missions d'une qualité constamment élevée et assumer les responsabilités liées au fonctionnement du système de gestion de la qualité de l'ISC ;</p> <p>b. le personnel développe et maintient les compétences appropriées pour remplir ses fonctions, est évalué et tenu responsable de cela,</p>	<p>There are no comments for this paragraph.</p>

<p>ou reconnu par des promotions opportunes et d'autres incitations ;</p> <p>c. les personnes affectées à des missions ou à l'exécution d'activités au sein du système de management de la qualité disposent des compétences et des capacités appropriées, y compris du temps suffisant, pour s'acquitter de leurs fonctions ;</p> <p>d. les ressources technologiques appropriées (généralement des applications informatiques, infrastructure et processus) sont obtenus ou développés, mis en œuvre, entretenus et utilisés pour permettre le fonctionnement du système de gestion de la qualité de l'ISC et l'exécution des missions ;</p> <p>e. les ressources intellectuelles appropriées (par exemple, les méthodologies, les guides, la documentation normalisée, les bases de données, etc.) sont obtenues ou développées, mises en œuvre, maintenues et utilisées pour permettre le fonctionnement du système de gestion de la qualité de l'ISC et l'exécution constante de missions de haute qualité ;</p> <p>F. les ressources humaines, technologiques ou intellectuelles des prestataires de services externes sont appropriées pour être utilisées dans le système de gestion de la qualité de l'ISC et dans l'exécution des missions.</p>	
<p>42- Les objectifs de qualité associés à l'information et à la communication peuvent inclure les éléments suivants :</p> <p>a. le système d'information identifie, capture, traite et conserve des informations pertinentes et fiables qui soutiennent le système de gestion de la qualité ;</p> <p>b. des informations pertinentes et fiables sur le système de management de la qualité sont communiquées au personnel et aux équipes de mission pour leur permettre de comprendre et d'assumer leurs responsabilités au sein du système de management de la qualité ou des missions ;</p> <p>c. le personnel et les équipes de mission communiquent avec l'ISC lors de l'exécution d'activités dans le cadre du système de gestion de la qualité ou des missions ;</p> <p>d. des informations pertinentes et fiables sur le système de gestion de la qualité sont communiquées aux parties prenantes et autres parties externes.</p>	<p>We would recommend rewording the following paragraph as follows:</p> <p>a. the information system will identify, capture, process, store and disseminate relevant and reliable information to support the quality management system;</p>
<p>43- L'ISC doit identifier et évaluer les risques qualité, c'est-à-dire les risques qui ont une possibilité</p>	<p>There are no comments for this paragraph.</p>



raisonnable de se produire et de nuire à la réalisation des objectifs qualité.	
44- L'ISC doit évaluer si des modifications des risques qualité sont nécessaires en raison de changements dans la nature et les circonstances de l'ISC ou de ses engagements.	There are no comments for this paragraph.
45- L'ISC décide de la fréquence appropriée d'identification et d'évaluation des risques qualité.	There are no comments for this paragraph.
<p>46- Les points suivants peuvent aider une ISC à évaluer les conditions, événements, circonstances, actions ou inactions qui pourraient nuire à la réalisation de ses objectifs de qualité, et comment ces risques peuvent se concrétiser :</p> <ul style="list-style-type: none"> <li>a. complexité et autres attributs de l'environnement organisationnel et opérationnel de l'ISC ;</li> <li>b. les processus stratégiques et opérationnels de l'ISC ;</li> <li>c. les caractéristiques et le mode de gestion de la direction des ISC ;</li> <li>d. les ressources dont dispose l'ISC ;</li> <li>e. lois, réglementations et normes professionnelles requises dans le</li> </ul> <p>l'environnement dans lequel l'ISC opère ;</p> <ul style="list-style-type: none"> <li>F. tout partenariat dans les activités de l'ISC ;</li> <li>g. la nature des missions et autres travaux effectués par l'ISC ;</li> <li>h. les types de rapports émis par l'ISC ; et</li> <li>i. les organismes audités par l'ISC.</li> </ul>	There are no comments for this paragraph.
<p>47- Les éléments suivants peuvent aider une ISC à évaluer dans quelle mesure un risque, individuellement ou en combinaison avec d'autres risques, pourrait nuire à la réalisation des objectifs de qualité :</p> <ul style="list-style-type: none"> <li>a. comment la condition, l'événement, la circonstance, l'action ou l'inaction affecterait la réalisation des objectifs de qualité ;</li> <li>b. la fréquence à laquelle la condition, l'événement, la circonstance, l'action ou l'inaction devrait se produire ;</li> <li>c. combien de temps il faudrait après que la condition, l'événement, la circonstance, l'action ou l'inaction se soit produit pour qu'elle ait un effet, et si pendant ce temps l'ISC aurait la possibilité de réagir pour atténuer l'effet ; et</li> </ul>	There are no comments for this paragraph.

d. combien de temps la condition, l'événement, la circonstance, l'action ou l'inaction affecterait la réalisation de l'objectif de qualité une fois qu'il s'est produit.	
48- Une ISC peut utiliser des notations ou des scores pour l'aider à classer les risques.	<p>We would recommend backing up the following paragraph as follows:</p> <p>The use of ratings or scores enables the ISC to prioritise risks according to their relative importance in order to focus on the most critical risks and allocate their resources effectively in order to mitigate them.</p>
49- L'ISC doit concevoir et mettre en œuvre des réponses pour faire face aux risques de qualité d'une manière qui se fonde sur les évaluations de ces risques et y réponde.	There are no comments for this paragraph.
50- L'ISC doit évaluer si des modifications des réponses sont nécessaires en raison de changements dans la nature et les circonstances de l'ISC ou de ses engagements.	There are no comments for this paragraph.
51- Les réponses appropriées pour faire face aux risques qualité sont proportionnées à l'évaluation de ces risques. Le jugement professionnel aide une ISC à déterminer si les réponses sont proportionnées à la manière dont les conditions, les événements et les circonstances, ainsi que les actions ou l'inaction affectent négativement la réalisation d'un ou plusieurs objectifs de qualité.	There are no comments for this paragraph.
<p>52- Lors de la conception et de la mise en œuvre de réponses pour faire face aux risques qualité, une ISC peut prendre en compte les éléments suivants :</p> <p>a. la nature, le moment et l'étendue des réponses;</p> <p>b. le niveau approprié auquel mettre en œuvre les réponses (par exemple, au niveau institutionnel, au niveau de l'engagement, ou une combinaison des deux) ; et</p> <p>c. la nécessité de documenter et de communiquer la réponse pour assurer une mise en œuvre cohérente.</p>	There are no comments for this paragraph.
<p>53- Voici des exemples de réponses aux risques qualité que l'ISC peut concevoir et mettre en œuvre pour faire face aux risques qualité :</p> <p>a. l'ISC établit des politiques et des procédures pour :</p> <p>i. identifier, évaluer et traiter les menaces à la conformité aux</p> <p>les exigences déontologiques pertinentes ; et</p>	There are no comments for this paragraph.

<p>ii. identifier, communiquer, évaluer et signaler tout manquement aux exigences éthiques pertinentes et répondre de manière appropriée aux causes et aux conséquences des manquements dans un</p> <p>en temps opportun ;</p> <p>b. l'ISC obtient, au moins une fois par an, une confirmation documentée du respect des exigences d'indépendance de la part de tout le personnel requis par les exigences éthiques pertinentes pour être indépendant ;</p> <p>c. l'ISC établit des politiques et des procédures pour recevoir, enquêter et résoudre les plaintes et les allégations concernant le non-respect de ses missions conformément aux normes professionnelles et aux exigences légales et réglementaires applicables, ou le non-respect des politiques ou procédures de l'ISC ;</p> <p>d. l'ISC établit des politiques et des procédures qui identifient si et quand une revue de la qualité d'une mission est une réponse appropriée pour traiter un ou plusieurs risques de qualité.</p> <p>Ces politiques et procédures peuvent traiter de questions telles que, mais sans s'y limiter :</p> <p>je. l'identification des missions spécifiques ou des types de missions qui nécessitent des revues de la qualité de la mission ;</p> <p>ii. l'éligibilité pour agir en tant que responsable de la revue de la qualité de la mission ;</p> <p>iii. atteinte à l'éligibilité du responsable de la revue de la qualité de la mission à effectuer la revue de la qualité de la mission ; et</p> <p>iv. réalisation de la revue de la qualité de la mission.</p>	
<p>54- L'ISC doit établir un processus de surveillance et de remédiation pour :</p> <p>a. fournir des informations pertinentes, fiables et opportunes sur</p> <p>mise en œuvre et fonctionnement du système de gestion de la qualité ;</p> <p>b. identifier les lacunes potentielles dans la conception et le fonctionnement du système de gestion de la qualité ;</p> <p>c. prendre les mesures appropriées pour répondre aux lacunes identifiées de manière à ce qu'elles soient corrigées en temps opportun ; et</p>	<p>There are no comments for this paragraph.</p>

d. lui permettre d'évaluer la conformité aux ISSAI et aux politiques et procédures qu'il a établies pour faire face aux risques qualité.	
55- Le processus de surveillance et de remédiation doit inclure l'évaluation des constatations pour déterminer s'il existe des lacunes, l'évaluation de la gravité, de l'omniprésence et de la cause profonde des lacunes identifiées, ainsi que la conception et la mise en œuvre d'actions correctives appropriées pour remédier à ces lacunes.	There are no comments for this paragraph.
56- Le processus de surveillance et de remédiation doit inclure des examens des missions terminées sur la base de critères établis pour la sélection des missions à examiner.	There are no comments for this paragraph.
57- Le processus de surveillance et de remédiation facilite l'amélioration proactive et continue de la qualité de la mission et du système de gestion de la qualité en plus de permettre l'évaluation du système de gestion de la qualité.	<p>Here are some suggestions to improve the monitoring and corrective process further:</p> <ol style="list-style-type: none"> <li>1. Stakeholder feedback: in addition to seeking comments from the parties audited by the SAI and users of audit reports, consider incorporating comments from other relevant stakeholders, such as government agencies, civil society organisations, and professional associations.</li> <li>2. Independent review: as well as peer reviews, consider commissioning external experts or organisations to conduct independent reviews of the quality management system. An external review can provide an impartial assessment of the SAI's processes, identify blind spots or areas for improvement, and recommend corrective action.</li> <li>3. Technology-assisted monitoring: explore the use of technological tools and data analytics to support monitoring activities. Automated systems can help to identify trends, models or anomalies in the SAI's operations, enabling proactive identification of gaps and rapid corrective action.</li> <li>5. Comparative analysis: Compare the SAI's quality management system with the best practices and standards followed by other leading audit institutions. This comparative analysis can provide valuable information on areas where the SAI can improve and align its practices with international standards.</li> <li>6. Metrics based on data: establish and monitor key performance indicators (KPIs) that align with the objectives of the quality management system. Use data and metrics to measure the effectiveness of corrective action, identify recurring gaps, and foster continuous improvement.</li> <li>7. Documentation and reporting: ensure that identified shortcomings and corrective action are properly documented and reported. Keep a centralised repository for monitoring activities and their results. This documentation can serve as proof of compliance, facilitate knowledge sharing, and support future evaluations.</li> </ol>
<p>58- L'établissement d'un processus de surveillance et de remédiation peut inclure :</p> <p>a. concevoir des activités de surveillance pour identifier les lacunes dans la conception et le fonctionnement du système de gestion de la qualité ;</p> <p>b. déterminer les circonstances dans lesquelles un examen des missions terminées est requis dans le cadre des activités de surveillance ; et</p> <p>c. établir des critères de sélection des missions à examiner, la fréquence des examens et qui doit les effectuer.</p>	
<p>59- Pour déterminer la nature, le calendrier et l'étendue des activités de surveillance, l'ISC peut considérer :</p> <p>a. sa taille, sa structure et son organisation ;</p> <p>b. les raisons des appréciations portées sur les risques qualité ;</p> <p>c. la conception des réponses ;</p> <p>d. la conception du processus d'évaluation des risques de l'ISC ;</p> <p>e. les évolutions du système de management de la qualité ; et</p> <p>F. les résultats des activités de surveillance précédentes.</p>	

<p>60- Les modifications du système de gestion de la qualité peuvent inclure :</p> <p>a. des changements pour remédier à une lacune identifiée dans le système de gestion de la qualité ; et</p> <p>b. les changements apportés aux objectifs qualité, aux risques qualité ou aux réponses apportées aux risques qualité résultant de changements dans la nature et les circonstances de l'organisme d'audit et de ses missions.</p>	
<p>61- Lorsque des modifications sont apportées au système de gestion de la qualité, les activités de surveillance antérieures de l'ISC peuvent ne plus lui fournir d'informations permettant d'appuyer l'évaluation du système de gestion de la qualité. Par conséquent, il est conseillé d'inclure la surveillance de ces changements dans les activités de surveillance de l'ISC.</p>	
<p>62- Les activités de surveillance peuvent comprendre une combinaison d'activités de surveillance continue et d'activités de surveillance périodiques. Les activités de surveillance continue sont généralement des activités de routine, intégrées aux processus de l'ISC et exécutées en temps réel, réagissant aux conditions changeantes. Des activités de surveillance périodiques sont menées à intervalles réguliers par l'ISC.</p>	
<p>63- Pour faciliter leur processus de surveillance et de remédiation, les ISC peuvent, de manière régulière ou plus occasionnelle, solliciter un retour d'information qui peut aider l'ISC à développer la qualité et la gestion de la qualité au fil du temps. Ces commentaires peuvent être obtenus des parties auditées par l'ISC ou des utilisateurs des rapports d'audit de l'ISC ou par le biais d'examen par les pairs ou d'outils fournis par l'INTOSAI, tels que le cadre de mesure de la performance de l'ISC. Un examen par les pairs peut impliquer l'engagement d'une autre ISC, ou d'un autre organisme approprié, pour effectuer un examen indépendant du système de gestion de la qualité.</p>	
<p>64- Une communication en temps opportun sur les déficiences identifiées et leur remédiation par les responsables de composants spécifiques du système de management de la qualité peut permettre au personnel de prendre des mesures pour remédier aux déficiences conformément à leurs responsabilités.</p>	
<p>65- La ou les personnes chargées de la responsabilité et de l'imputabilité du système de management de la qualité doivent évaluer le système et conclure sur la mesure dans laquelle ses</p>	<p>Here are some suggestions for improving the evaluation process:</p>

<p>objectifs sont atteints. L'évaluation doit couvrir une période définie et être réalisée au moins une fois par an.</p>	<ol style="list-style-type: none"> <li>1. Objective evaluation criteria: clearly define the evaluation criteria that correspond to the objectives of the quality management system.</li> <li>2. Gathering and analysis of data: gather relevant data and information to support the evaluation process.</li> <li>3. External perspective: seek external perspectives and independent evaluations to obtain a more objective view of the effectiveness of the system.</li> <li>4. Stakeholder feedback: incorporate comments from stakeholders, including parties audited by the SAI and users of audit reports. Collect their views on the SAI's performance and the quality of its services. This feedback can provide valuable information on the perceived effectiveness of the quality management system from the perspective of external stakeholders.</li> <li>5. Reporting and communication: ensure that the findings and conclusions of the evaluation are clearly documented and sent to the relevant stakeholders.</li> </ol>
<p>66- Les informations qui constituent la base de l'évaluation de l'efficacité du système de management de la qualité peuvent être obtenues de plusieurs manières.</p> <p>Lors de la définition de ces processus, l'ISC tient compte de la complexité de son organisation, de son environnement opérationnel et des types de missions réalisées. Dans les plus petites ISC, la ou les personnes effectuant l'évaluation peuvent être directement impliquées dans le suivi et la remédiation et seront donc au courant des informations qui étayent l'évaluation du système de gestion de la qualité. Dans les grandes ISC, la ou les personnes effectuant l'évaluation peuvent avoir besoin d'établir des processus pour rassembler, résumer et communiquer les informations nécessaires à l'évaluation du système de gestion de la qualité.</p>	<p>There are no comments for this paragraph.</p>
<p>67- En concluant sur le système de management de la qualité, la personne à qui est confiée la responsabilité et l'imputabilité du système de management de la qualité peut considérer</p> <ol style="list-style-type: none"> <li>a. le processus d'évaluation des risques de gestion de la qualité de l'ISC, y compris ses objectifs de qualité, les risques de qualité et une description des réponses et la mesure dans laquelle les réponses de l'ISC traitent les risques de qualité ; et</li> <li>b. les résultats du processus de surveillance et de remédiation, notamment : <ol style="list-style-type: none"> <li>i. la gravité et l'étendue des lacunes identifiées et l'effet sur la réalisation de l'objectif du système de gestion de la qualité ;</li> </ol> </li> </ol>	<p>There are no comments for this paragraph.</p>

<p>ii. si des mesures correctives ont été conçues et mises en œuvre par l'ISC et si les mesures correctives prises jusqu'au moment de l'évaluation sont efficaces ; et</p> <p>iii. si l'effet des lacunes identifiées sur le système de gestion de la qualité a été corrigé de manière appropriée, par exemple si d'autres mesures ont été prises le cas échéant.</p>	
<p>68- Les lois, réglementations ou autres facteurs applicables peuvent créer des circonstances dans lesquelles il est approprié de communiquer la conclusion sur l'efficacité du système de gestion de la qualité à des parties externes. Dans de telles circonstances, il est conseillé à l'ISC d'établir des procédures sur la façon dont ces conclusions sont rapportées.</p>	<p>There are no comments for this paragraph.</p>
<p>69- L'ISC doit préparer une documentation de son système de gestion de la qualité suffisante pour :</p> <p>a. fournir la preuve de la conception, de la mise en œuvre et du fonctionnement du système de gestion de la qualité ;</p> <p>b. soutenir une compréhension cohérente du système de gestion de la qualité par le personnel, y compris leurs rôles et responsabilités au sein du système de gestion de la qualité et dans l'exécution des missions ;</p> <p>c. soutenir la mise en œuvre et le fonctionnement cohérents du système de gestion de la qualité ; et</p> <p>d. soutenir le suivi et l'évaluation du système de gestion de la qualité.</p>	<p>We also recommend aligning documentation practices with internationally recognised standards and best practices in the area of quality management. This ensures that the documentation is comprehensive, effective and adapted to the organisation's needs.</p>
<p>70- Les jugements d'une ISC sur la forme, le contenu et l'étendue de la documentation peuvent être influencés par des facteurs liés à la nature et à la complexité de l'ISC et des missions réalisées. Les domaines présentant un plus grand risque de qualité, les questions impliquant des jugements plus complexes et les modifications apportées à certains aspects du système de gestion de la qualité peuvent avoir un effet plus important sur la forme, le contenu et l'étendue de la documentation.</p>	

<b>Name of the organisation</b>	<b><i>Austrian Court of Audit</i></b>
<b>Date</b>	<i>20 June 2023</i>
<b>Paragraph</b>	<b>Comments</b>
<b>1</b>	The term “operations” (here in para. 1 and later on in para. 46(f)) seems to be synonymous with “engagements”. Please either clarify (by defining “operations”) or replace it with engagements to ensure coherence of terminological use.
<b>4</b>	We suggest to add “resources” to the segment “with due consideration of a SAI’s mandate, national legislation, structure, size and the types of audit it performs”. It would then read: “with due consideration of a SAI’s mandate, its resources, national legislation, structure, size and the types of audit it performs”.  Since establishing a quality and risk management system in accordance with this standard will be resource intensive and will probably require at least one full-time-equivalent staff member, fulfilling all of the requirements set out in this exposure draft might be challenging for smaller SAIs.
<b>8</b>	Since this paragraph makes a direct reference to the proposed paragraph 36 in ISSAI 100, it might be helpful to indicate this correspondingly, e.g.: “ISSAI 100 <i>Fundamental Principles of Public-Sector Auditing</i> (paragraph 36) provides that [...]”  In the same vein, the bullet points should be aligned as regards capitalization (ISSAI 140 features lower-case letters after the bullet points, whereas ISSAI 100 has upper-case letters).
<b>9</b>	The first sentence of this paragraph “ISSAI 140 defines the organisational requirements of the ISSAIs based on this principle in ISSAI 100” is not clearly understandable: <ul style="list-style-type: none"> <li>• Which ISSAIs are referred to exactly? The entirety of them? (We are aware that the same sentence also exists in paragraphs 35 and 36 of the currently applicable ISSAI 100).</li> <li>• Does “based on this principle” refer to the principle quoted above in paragraph 8 “each SAI should establish and maintain a system of quality management...”? We would suggest to either rephrase this into “based on the principle quoted above in paragraph 8” or to quote the principle directly: “based on paragraph 36 in ISSAI 100”.</li> </ul>
<b>24</b>	The process described herein concerns not only risk assessment, but also the establishment of quality objectives and envisages thereby a wider process. We therefore suggest to delete “risk assessment”. The revised sentence would then read: “The SAI shall design and implement a process to establish quality objectives, identify and



	assess quality risks, and design and implement responses to address the quality risks.”
<b>39</b>	The sentence “A SAI’s engagements may arise (1) from its legal mandates, (2) following requests of legislative or oversight bodies, and (3) at its own discretion” contains the term “oversight bodies”. It would be helpful to define this term concretely and ensure that “oversight bodies” cannot be interpreted as e.g. bodies of the executive since this would not be in line with our role as an independent external audit body.
<b>40</b>	Point (f) lays down that “audit reports are appropriate and satisfy stakeholders’ needs”: As “stakeholders” can be a very diverse target group, their needs will vary depending on the respective circumstances. We would therefore argue that this indication is too general: Before a SAI can set the goal of satisfying the needs of a specific group, the SAI must first determine which stakeholders are addressed and whether satisfying their needs is in line with the SAI’s independence.
<b>41</b>	Point (b) indicates that “personnel develop and maintain the appropriate competence to perform their roles, are assessed and held accountable for that, or recognised through timely promotions and other incentives”: the due performance of individual roles should be self-evident, whereas “timely promotions” seem disproportionate by comparison.
<b>42</b>	Point (d) stipulates that “relevant and reliable information about the system of quality management is communicated to stakeholders and other external parties”:  To which extent shall such information be communicated to external parties? We consider that any information about the system of quality management should be communicated internally, and externally only if exceptional circumstances arise. We therefore suggest to limit external reporting to exceptional circumstances.  This point should furthermore be in line with paragraph 68, which also refers to “external parties” when it comes to the communication of conclusions on the effectiveness of the system of quality management and which makes reference to “applicable laws, regulations, or other factors” that “could create circumstances when it is appropriate to communicate”.
<b>46</b>	What is meant exactly by “any partnerships” mentioned under point (f)?
<b>53</b>	Point (b): The feasibility of obtaining such a confirmation of compliance is highly dependent on the relevant (national) legislation applicable to a SAI’s staff. We would therefore suggest to rephrase

	this point in the following way: “in accordance with applicable rules and regulations, the SAI obtains [...]”
<b>65</b>	<p>As regards the sentence “The evaluation shall cover a defined period and be performed at least annually”, it should be considered that an obligatory annual evaluation of the whole system of quality management might overstretch certain SAIs’ capabilities. It might be useful to evaluate the whole system of quality management one year after its implementation to ascertain that all relevant matters have been considered. Later on, it might be enough to evaluate single risks and corresponding preventive remediation measures on a regular and ad hoc basis if risks have emerged.</p> <p>The evaluation circle should also be defined by each SAI based on its mandate, specific needs, organization, regulatory framework etc. – also in accordance with paragraph 4: “with due consideration of a SAI’s mandate, national legislation, structure, size and the types of audit it performs”.</p>

***INTOSAI 140: General comments by the INTOSAI General Secretariat***

We would like to thank you for sending us the exposure draft of the revised ISSAI 140, which takes into account and adapts the key principles of ISQM 1 and 2 for the SAI community. We highly appreciate the work and commitment of the ISSAI 140 working group in this regard.

Our comments concern the implications that the revised ISSAI 140 – together with ISSAI 150 and a possibly revised ISSAI 130 – will have on the INTOSAI Framework of Professional Pronouncements (IFPP) in general:

The provisions in the currently applicable ISSAI 140 are categorized as “key principles”, whereas the revised ISSAI 140 features “organisational requirements”, which a SAI must comply with “*in order to be able to assert that it has conducted audits in accordance with the ISSAIs.*” (ISSAI 140, exposure draft, para. 9).

At the same time, the newly introduced para. 36 in ISSAI 100 refers to ISSAI 140 by stating that the “*existence of a system of quality management at SAI level is a prerequisite for applying or developing national standards based on the Fundamental Auditing Principles. ISSAI 140 - Quality Management for SAIs defines the requirements of the ISSAIs and provides related application material in this regard.*”

If we take the two above-mentioned paragraphs – and the fact that the modal verb “should” featured in the key principles of the currently applicable ISSAI 140 has been replaced by “shall” in the revised ISSAI 140 – into consideration, we have to conclude that a hierarchical structure has been introduced to the IFPP, which requires SAIs to first comply with the organisational requirements featured in the ISSAIs 130, 140 and 150 before they can consider applying the ISSAI 100 series in the three ways defined in ISSAI 100, para. 8., to establish authoritative standards.

The question that arises for us in this context is in what way the IFPP can still be considered a “principles-based” framework if the organisational requirements of the ISSAIs 130, 140 and 150 must be implemented before SAIs can embark on audits compliant with the ISSAI 100 series, which provide for far more flexibility as they feature “principles” and not “requirements”.

What should be taken into account is the fact that the requirements of the revised ISSAI 140 will necessitate a considerable amount of quality-management-related expertise and corresponding resources within a SAI. Against the backdrop of the findings of the *Global SAI Stocktaking Report 2020* that “for quality management, 37% of SAIs report the lack of a monitoring system for audit quality for any of the main audit streams, a figure which is even higher for SAIs with perceived insufficient resources”, this is concerning.

We are therefore wondering whether those responsible for drafting and approving the revised ISSAI 140, as well as the INTOSAI community in general, are aware of the possible implications that the newly introduced requirements, which replace the “key principles” of the currently applicable ISSAI 140, will have on the rate of ISSAI compliance within the INTOSAI community and whether a larger discussion or awareness-raising exercise should be initiated on this matter.

Name of the organisation	<b>Office of the Auditor General of Botswana</b>
Date	20 June 2023
Paragraph	Comments
1	<i>And intended goals and outcomes</i>
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5	<b>Instead of the use of the word “claiming” on the second line rather consider using words such as asserting, affirming, confirming.</b>
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7	Consider highlighting specific examples of INTOSAI pronouncements relating to quality management to augment the scope. For ease of reference
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9	First sentence: Should read – “ISSAI 140 defines the organisational requirements of the SAIs based on the principles in ISSAI 100.
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11	e) Monitoring remediation aspect to be included
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13	<i>Clarity needed on the statement “completed before the date of the audit report”. Does this mean the date of the audit report of each individual audit engagement or of the overall Auditor General’s (SAI) Report?</i>
14	<i>Sentence structure: insert comma between quality review and independent Will the appropriate experience and professional knowledge of the quality reviewer be determined by each SAI or will be provided for in a GUID?</i>
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21	<i>The word “prevent” used in defining preventive: suggested synonym Avert OR Deter</i>
22	<i>How will the quality management review be documented? Will standard working papers be developed as well as a guide on how the assessment of quality risks and responses will be communicated, e.g. in the form of a report?</i>
23	
24	<i>How will the quality management review be documented? Will standard working papers be developed as well as a guide on how the assessment of quality risks and responses will be communicated, e.g. in the form of a report?</i>
25	<i>Maybe separate the objectives of SAI independence from the objectives of auditor independence as each carry their own significant importance to the quality of audit, and maybe reference the INTOSAI P- 10 Mexico Declaration on SAI independence on this paragraph to guide the user on where they can find the requirements for SAI independence.</i>
26	

27 *Reconstruct sentence to avoid repetition of the phrase 'system of quality management' Suggested paraphrase:  
...Responsibility for the system of quality management involves understanding its purpose in the SAI...*

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*Sentence structure: cancel the word **and**, insert comma between professional behaviour and confidentiality ( sentence no.4)*

32

*Sentence structure: cancel the word **its** between appropriate to and circumstances*

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*Sentence structure: cancel the word **its** between how it impacts and quality objectives.*

*Rephrase ...the context of its work and how it impacts the quality objectives*

36

*Sentence structure: cancel the word **for** after the word responsible*

**Rephrase: leadership is responsible and accountable for quality.**

*Remove 'and resources are'*

**Rephrase: resource needs are planned, resources obtained, allocated and assigned in a manner...**

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*Reconstruct the sentence to avoid repetition of words-  
Suggested paraphrase: 'Quality objectives associated with the acceptance ,initiation and continuance of engagements may specify that the SAI will achieve these objectives only if it:...'*

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<b>Name of the organisation</b>	<i>AFROSAI-E</i>
<b>Date</b>	<i>19 June 2023</i>
<b>Paragraph</b>	<b>Comments</b>
<b>1</b>	<i>Page 2 para 1: 1 is missing from ISSAI 40</i>
<b>2</b>	<i>Para 12: the word ISSAI to be replace with SAI's mandate, ISSAI may not cover jurisdictional and other activities carried out by the SAI as indicate in para 22</i>
<b>3</b>	<i>Para 15 external expert recommended to be included as part of the engagement team</i>
<b>4</b>	<i>Para 21 suggest including (c) detective</i>
<b>5</b>	<i>Para 36(b) deletion of word "for" after responsible</i>
<b>6</b>	<i>Para 40(g) guideline to be added for timely e.g. state the number of days after audit report sign off.</i>
<b>7</b>	<i>Para 53 (b)including SAI not only obtains but also monitors on an ongoing basis</i>
<b>8</b>	<i>Para 53 (c) also include other activities/work carried out by the SAI</i>
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<b>Name of the organisation</b>	<b><i>Accounts Chamber of the Russian Federation</i></b>
<b>Date</b>	<i>31 May 2023</i>
<b>Paragraph</b>	<i>Comments</i>
<b>1</b>	<i>No comments</i>
<b>2</b>	<p><i>Current version:</i></p> <p><i>“The public interest is best served by a SAI carrying out its engagements at a consistently high level of quality. The design, implementation and operation of a system of quality management help a SAI achieve this objective and provide reasonable assurance that its processes are in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and applicable legal and regulatory requirements”.</i></p> <p><i>It would be better to formulate the paragraph in the following way (as in the previous version):</i></p> <p><i>“The public interest is served by a SAI carrying out its engagements at a consistently high level of quality. The design, implementation and operation of a system of quality management help SAIs achieve their objectives and provide reasonable assurance that its processes are being done in accordance with professional standards and applicable legal and regulatory requirements”.</i></p> <p><i>The reason is that only the ISSAIs are considered in the current version, so national standards and other documents developed in accordance with IFPP are out of the scope. Here and below it would be better to refer to “professional standards”, not only the “ISSAIs”.</i></p>
<b>3</b>	<i>No comments</i>
<b>4</b>	<i>No comments</i>
<b>5</b>	<p><i>The first two sentences both contain the purpose of ISSAI 140. The second sentence, in fact, duplicates the first one.</i></p> <p><i>Current version:</i></p> <p><i>“The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management when claiming compliance with the ISSAIs. ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1. &lt;...&gt;”</i></p> <p><i>It would be better to formulate the paragraph in the following way:</i></p> <p><i>“The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management when claiming compliance with the ISSAIs.</i></p>

	<i>ISSAI 140 is based on the key principles of International Standard on Quality Management (ISQM) 1. The principles of the latter are adapted as necessary to apply to SAIs and the public sector context in which they work”.</i>
<b>6</b>	<i>No comments</i>
<b>7</b>	<i>No comments</i>
<b>8</b>	<i>No comments</i>
<b>9</b>	<p><i>The content of the paragraph, in general, duplicates the content in paragraph 6. Also it seems redundant to mention the scope of ISSAI 100 since ISSAI 140 is already included in the IFPP.</i></p> <p><i>Current version:</i></p> <p><i>“ISSAI 140 defines the organisational requirements of the ISSAIs based on this principle in ISSAI 100. The SAI must comply with all organisational requirements of this standard in order to be able to assert that it has conducted audits in accordance with the ISSAIs. The authority of the ISSAIs is further defined in ISSAI 100”.</i></p>
<b>10</b>	<i>No comments</i>
<b>11</b>	<i>No comments</i>
<b>12</b>	<p><i>1) It seems that engagements carried out by SAIs may go far beyond the scope of ISSAIs and include other IFPP documents and national standards, laws and regulations.</i></p> <p><i>2) Definition of the term “engagement” is key for all of the IFPP documents, not only for the quality management. It seems that the term should be defined in another ISSAI, such as ISSAI 100, for example.</i></p> <p><i>Current version:</i></p> <p><i>“Engagement – any work carried out by a SAI that is within the scope of the ISSAIs”.</i></p>
<b>13</b>	<p><i>It would be better to formulate the paragraph in the following way:</i></p> <p><i>“Engagement quality review – an objective evaluation of the significant judgments made by the engagement team and the conclusions reached, performed by the engagement quality reviewer and completed on or before the date of the report”.</i></p> <p><i>Otherwise, it does not fully correspond to ISQM 1. It does not seem correct to exclude the date of the report out of the possible dates of engagement quality review.</i></p>
<b>14</b>	<i>No comments</i>

15	<i>Definition of the term “engagement team” is key for all of the IFPP documents, not only for the quality management. It seems that the term should be defined in another ISSAI, such as ISSAI 100, for example.</i>
16	<i>No comments</i>
17	<i>Definition of the term “Head of the SAI” is key for all of the IFPP documents, not only for the quality management. It seems that the term should be defined in another ISSAI, such as ISSAI 100, for example.</i>
18	<i>No comments</i>
19	<i>No comments</i>
20	<p><i>Current version:</i></p> <p><i>“Quality risk – a risk that has a reasonable possibility of:</i></p> <ul style="list-style-type: none"> <li><i>• occurring, and</i></li> <li><i>• individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives”.</i></li> </ul> <p><i>At the same time, any kind of risk has a possibility of occurring.</i></p> <p><i>It would be better to formulate the paragraph in the following way, which corresponds to the paragraph 44:</i></p> <p><i>“Quality risk – a risk that has a reasonable possibility of both:</i></p> <ul style="list-style-type: none"> <li><i>• occurring, and</i></li> <li><i>• individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives”.</i></li> </ul>
21	<i>No comments</i>
22	<i>No comments</i>
23	<i>No comments</i>
24	<i>No comments</i>
25	<i>No comments</i>
26	<i>No comments</i>
27	<i>No comments</i>
28	<p><i>Current version:</i></p> <p><i>“&lt;...&gt; In smaller SAIs, all these responsibilities may be assigned to the same individual”.</i></p> <p><i>Here and below: it is not clear what is meant by the term “smaller SAI”. It would be useful to have an explanation.</i></p>

29	<i>No comments</i>
30	<i>No comments</i>
31	<p><i>It seems to be redundant to describe the scope of the other standards in the text of ISSAI 140.</i></p> <p><i>Current version:</i></p> <p><i>“For a SAI that carries out audits in accordance with ISSAIs, the ISSAIs will provide an important basis for establishing quality objectives. For example, ISSAI 130 provides principles of integrity, independence and objectivity, competence, professional behaviour and confidentiality and transparency in the context of ethics. ISSAI 150 establishes organisational requirements on auditor competencies. Compliance with these principles and organisational requirements are relevant objectives when establishing the SAI’s quality management system. Within the ISSAIs, different requirements are applicable at the level of individual engagements to financial audits, compliance audits and performance audits. The system of quality management serves to assure the SAI leadership that the audits are carried out in accordance with the ISSAIs that are applicable to the individual audits”.</i></p>
32	<i>No comments</i>
33	<i>No comments</i>
34	<i>No comments</i>
35	<i>No comments</i>
36	<i>No comments</i>
37	<i>No comments</i>
38	<i>No comments</i>
39	<p><i>It is not clear how the paragraph in its current version corresponds to the quality control.</i></p> <p><i>Current version:</i></p> <p><i>“A SAI’s engagements may arise (1) from its legal mandates, (2) following requests of legislative or oversight bodies, and (3) at its own discretion. In the cases of legal mandates and requests, the SAI may be required to conduct the engagement and may not be permitted to make decisions about acceptance or continuance or to resign or withdraw from the engagement”.</i></p> <p><i>It seems to be important to add the statement which says that in every case mentioned it is still needed to state quality control objectives associated with the acceptance, initiation, and continuance of engagements.</i></p>

40	<p><i>Compared to the previous version of the paragraph the following text has been removed:</i></p> <p><i>“c. team members with appropriate levels of proficiency supervise engagements and review work performed by other team members”.</i></p> <p><i>At the same time, it is important to pay attention to the qualifications of the engagement review team. We suggest adding a statement about qualifications of the engagement review team members.</i></p>
41	No comments
42	<p><i>The last bullet point of the paragraph is not completely clear:</i></p> <p><i>“d. relevant and reliable information about the system of quality management is communicated to stakeholders and other external parties”.</i></p> <p><i>What is the form of communication of such information? Is it some form of report? Is there any kind of a standardised opinion for the report? Which information should be included in the report as relevant and reliable? It would be useful to add some specific information about this statement.</i></p>
43	<p><i>The paragraph seems to be redundant, because the term “quality risk” is already defined in paragraph 20.</i></p>
44	No comments
45	No comments
46	No comments
47	No comments
48	No comments
49	No comments
50	No comments
51	No comments
52	No comments
53	No comments
54	No comments
55	No comments
56	<p><i>Current version:</i></p> <p><i>“The monitoring and remediation process shall include reviews of completed engagements based on established criteria for selecting engagements for review”.</i></p>

	<p><i>At the same time, paragraph 13 states that engagement review activities should be “completed on or before the date of the report”.</i></p> <p><i>It is not clear how these two statements correspond to each other.</i></p> <p><i>Here and below: it would be better to bring back the term “inspection” for completed engagements (as in paragraph 53 in the previous version and in ISQM 1), to make a definition of it and to formulate the paragraph in the following way:</i></p> <p><i>“The monitoring and remediation process shall include inspections of completed engagements based on established criteria for selecting engagements for inspection.”</i></p>
<b>57</b>	<i>No comments</i>
<b>58</b>	<i>It would be useful to provide some more details on “inspections” (according to paragraph 56) of completed engagements (e.g. circumstances when inspections may be appropriate; the appointment and eligibility of persons/teams for performing inspections).</i>
<b>59</b>	<i>No comments</i>
<b>60</b>	<i>No comments</i>
<b>61</b>	<i>No comments</i>
<b>62</b>	<i>No comments</i>
<b>63</b>	<p><i>It is not clear how the feedback may be obtained from any party except the engagement review teams or peer review teams.</i></p> <p><i>It should be also noted that most of the materials of the engagements are usually classified as secret.</i></p> <p><i>It would be useful to provide some details on communication with external parties about the evaluation of the system of quality management (e.g. the circumstances when it may be appropriate to communicate to external parties, examples of the external parties, ways of the evaluation: peer reviews, other options)</i></p> <p><i>Otherwise, it would be better to exclude the paragraph.</i></p>
<b>64</b>	<i>It is not clear who to communicate the deficiencies in the quality management system. Is it about the Head of SAI?</i>
<b>65</b>	<p><i>Annual evaluation of the system of quality management could be a rather time-consuming task for some SAIs.</i></p> <p><i>Taking into account the differences in SAIs’ resources and activities, it is reasonable not to state a specific frequency of the evaluation in the revised ISSAI 140.</i></p>

	<i>It is also not clear who are the addressees of the reviews and what is the form of the report on quality management.</i>
<b>66</b>	<i>No comments</i>
<b>67</b>	<i>No comments</i>
<b>68</b>	<i>No comments</i>
<b>69</b>	<i>No comments</i>
<b>70</b>	<i>No comments</i>



Name of the organisation	Supreme Audit Institution of Costa Rica
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Date 19/06/2023

### Paragraph Comments

**1** For Supreme Audit Institutions (SAIs) to meet their strategic objectives and fulfil their mandates, it is essential that all aspects of their operations are of high quality, and lead to high quality output. Quality *management* should be built into a SAI's *leadership*, strategy, *plans*, culture, policies, *processes*, and procedures. *The quality of a SAI's work and output affects the ability to fulfill\* its mandate effectively, ultimately its reputation and credibility.*

*\*fulfill: add one more "l" at the end.*

*We suggest adding leadership, plans and processes, and reorganize the idea at the end of the paragraph.*

**2** No comments

**3** No comments

**4** ISSAI 140 Quality Management (*QM*) for SAIs is intended to be used in conjunction with the other ISSAI's and with due consideration of a SAI's mandate, national legislation, structure, size and the types of audit it performs. The standard allows for appropriate flexibility in the application of the organisational requirements, to cater for specific considerations that are unique to each SAI.

*Add acronym: QM*

**5** No comments

**6** No comments

**7** No comments

**8** ISSAI 100 Fundamental Principles of Public-Sector Auditing provides that each SAI should establish and maintain a system of quality management to provide it with reasonable assurance that the SAI carries out all audits and other work at a consistently high level of quality and in accordance with the ISSAIs or other relevant standards and applicable legal and regulatory requirements. A SAI's system of quality management generally addresses the following interconnected components in a continual and iterative manner:

- SAI's risk assessment process;
- SAI's context
- Governance and leadership;
- Relevant ethical requirements;
- Relevant stakeholders
- Acceptance, initiation, and continuance of engagements;
- Performing engagements and issuing audit reports;
- SAI's resources;
- Information and communication; and
- Monitoring and remediation process.

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

*Adding the SAI's context and relevant stakeholders. This should also be adjusted in ISSAI 100.*

**9** No comments

**10** Culture – operating *psychological* environment encompassing behavioural norms and shared ethics, vision, mission, beliefs and core values, goals, attitudes, competencies, procedures, *processes*, policies and practices, and communication, that characterise a SAI and how it operates.

*Adding psychological and processes.*

*organizational culture*

*values, beliefs and practices that influence the conduct, behaviour and knowledge of people and organizations [SOURCE: ISO 30400:2016, 3.2, modified — "and knowledge" has been added.]*

*organizational culture*

collective beliefs, values, attitudes and behaviour of an organization that contribute to the unique social and psychological environment in which it operates

<https://www.iso.org/obp/ui#search>

**11** Deficiency in the SAI's system of quality management exists when:

- a. An appropriate quality objective is not established, or established incorrectly;
- b. A quality risk, or combination of quality risks, is not identified or properly assessed;
- c. A response, or combination of responses, do not reduce to an acceptably low level, the likelihood of a related quality risk occurring because the response(s) is not properly designed, implemented, or operating effectively; or
- d. Another aspect of the system of quality management is absent, or not properly designed, implemented or operating effectively, such that a requirement of this standard has not been addressed.

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

**12** No comments

**13** No comments

**14** No comments

**15** No comments

**16** No comments

**17** No comments

**18** No comments

**19** No comments

**20** Quality risk – a risk that has a reasonable possibility of:

- Occurring, and
- Individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

**21 Response** – policies and procedures designed and implemented by a SAI, and actions undertaken within the system of quality management to address one or more quality risks.

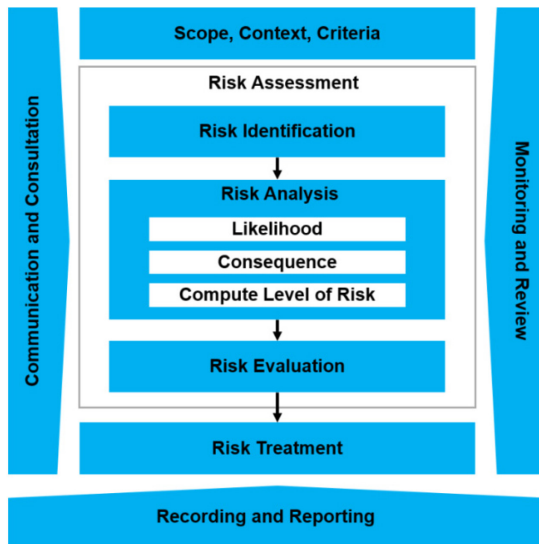
**Policies** are statements of what should, or should not, be done to address a quality risk. Such statements may be documented, explicitly stated in communications or implied through actions and decisions;

**Procedures** are actions to implement policies.

These can be:

- a. Preventive: designed and implemented to prevent the risk from occurring, aimed at the root cause of the risk;
- b. Detective: designed and implemented to identify, analyse and evaluate the risk
- b. Corrective: designed and implemented to mitigate the effects of "an occurring risk" and to prevent it from happening again;

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*



22 No comments

23 No comments

24 *The SAI shall design and implement a risk assessment process to establish quality objectives, identify and **analyse, and evaluate assess** quality risks **throughout risk assessment**, and design and implement responses to address the quality risks.*

*We are suggesting this change based on the model of ISO 31000:2018*

25 No comments

26 No comments

27 No comments

28 *To operate the system of quality management, the head of the SAI may assign responsibilities to individuals for the system and hold them accountable for the way they exercise those responsibilities. This may involve assigning to:*

- a. A person or group of persons such as the most senior official or group of officials the responsibility and accountability for the system of quality management;*
- b. A person or group of persons the operational responsibility for specific aspects of the system, including compliance with independence requirements, and the monitoring and remediation process. In smaller SAIs, all these responsibilities may be assigned to the same individual.*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

29 *The individuals assigned those responsibilities have the appropriate experience, knowledge, influence and authority, and sufficient time to **fulfil** them to the required standard. They understand the roles to which they are assigned and how they are accountable.*

*\*fulfill: add one more "l" at the end.*

30 No comments

31 No comments

32 No comments

33 No comments

34 No comments

35 No comments

36 *Quality objectives associated with governance and leadership of the SAI may include one or more of the following:*

- a. The SAI demonstrates a commitment to quality within the culture of the SAI;*
- b. Leadership is responsible for and accountable for quality;*
- c. Leadership demonstrates a commitment to quality through its actions and behaviours;*
- d. The organisational structure and assignment of roles, responsibilities, and authority is appropriate to enable the design, implementation, and operation of the SAI's system of quality management;*

e. *Resource needs are planned, and resources are obtained, allocated, and assigned in a manner that demonstrates the SAI's commitment to quality.*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

**37** *Quality objectives associated with ethical requirements may confirm that the SAI and its personnel understand and fulfill their responsibilities in relation to the relevant legal and ethical requirements (such as those set out in ISSAI 130 Code of Ethics), including those related to independence.*

*\*fulfill: add one more "l" at the end.*

**38** *Quality objectives associated with the acceptance, initiation, and continuance of engagements may specify that the SAI will normally accept, initiate, and continue engagements only if it:*

- a. *Complies with professional standards, applicable legal and regulatory requirements, and ethical principles;*
- b. *Acts within its legal mandate or authority; and*
- c. *Has the capabilities, including time and resources, to do so.*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

**39** *No comments*

**40** *Quality objectives associated with performing engagements and issuing audit reports may set expectations on the extent to which:*

- a. *Engagement teams understand and fulfil their responsibilities in connection to engagements, including the overall responsibility of the individual responsible for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the different stages of the engagement;*
- b. *The nature, timing, and extent of direction and supervision of engagement teams and review of the work performed is appropriate based on the specific features of the engagements and the resources assigned or made available to the engagement team;*
- c. *Engagement teams exercise appropriate professional judgment and professional scepticism;*
- d. *Consultation on significant matters is undertaken, especially for difficult or contentious matters, and the conclusions agreed to are implemented and, as appropriate, documented;*
- e. *Differences of opinion (e.g. within the engagement team, or between the engagement team and the engagement quality reviewer or individuals performing activities within the SAI's system of quality management) are brought to the attention of officials at the appropriate level of the SAI, resolved and documented appropriately;*
- f. *Audit reports are appropriate and satisfy stakeholders' needs; and*
- g. *Engagement documentation is assembled on a timely basis after the date of the audit report and is appropriately maintained and retained to meet the needs of the SAI and to comply with law, regulation, relevant ethical requirements, and professional standards.*

*h. Engagement teams establish the pertinent actions if there is any deviation from the system of quality management in the performance of the engagement*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

*Adding:*

*h. Engagement teams establish the pertinent actions if there is any deviation from the quality management system in the performance of the engagement*

**41** *Quality objectives associated with SAI resources may include:*

- a. *Personnel are recruited, continuous trained, and retained who have the competence and capabilities to perform engagements of a consistently high quality and carry out responsibilities related to the operation of the SAI's system of quality management;*
- b. *Personnel develop and maintain the appropriate competence to perform their roles, are assessed and held accountable for that, or recognised through timely promotions and other incentives;* c.

*Individuals assigned to engagements or to perform activities within the system of quality management have appropriate competence and capabilities, including sufficient time, to perform their duties;*  
*d. Appropriate technological resources (typically IT applications, infrastructure and processes) are obtained or developed, implemented, maintained, and used to enable the operation of the SAI's system of quality management and the performance of engagements;*

*e. Appropriate intellectual resources (e.g. methodologies, guides, standardised documentation, databases, etc.) are obtained or developed, implemented, maintained, and used to enable the operation of the SAI's system of quality management and the consistent performance of high quality engagements;*

*f. Human, technological, or intellectual resources from external service providers are appropriate for use in the SAI's system of quality management and in performing engagements.*

*g. Individuals or evaluation teams from the SAI who are suitably trained and have the necessary experience to carry out the assessment of the system of quality management*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

*Adding:*

*g. Individuals or evaluation teams from the SAI who are suitably trained and have the necessary experience to carry out the evaluation of the system of quality management*

**42** *Quality objectives associated with information and communication may include the following:*

*a. The information system identifies, captures, processes, and maintains relevant and reliable information that supports the **system of quality management**;*

*b. Relevant and reliable information about the system of quality management is communicated to personnel and engagement teams to enable them to understand and carry out their responsibilities within the system of quality management or engagements;*

*c. Personnel and engagement teams communicate to the SAI when performing activities within the system of quality management or engagements; d. Relevant and reliable information about the system of quality management is communicated to stakeholders and other external parties.*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

**43** *No comments*

**44** *No comments*

**45** *No comments*

**46** *The following matters may assist a SAI in assessing the conditions, events, circumstances, actions or inactions that could adversely affect the achievement of its quality objectives, and how these risks may materialise:*

*a. Complexity and other attributes of the SAI's organisational and operating environment;*

*b. The SAI's strategic and operational processes;*

*c. Characteristics and management style of SAI leadership;*

*d. Resources available to the SAI;*

*e. Laws, regulations and professional standards required in the environment in which the SAI operates;*

*f. Any partnerships in the SAI operations;*

*g. The nature of engagements and other work that is performed by the SAI;*

*h. The types of reports that the SAI issues; and*

*i. The bodies that the SAI audits.*

*j. The level of commitment of the individuals or engagement teams, suppliers and stakeholders in the system of quality management*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

*Adding:*

*The collaborators and all those interested parties that have a relationship with the SAI's quality management system, can be one more variable to consider in the achievement of the quality objectives, their commitment is key.*

**47** *The following matters may assist a SAI in assessing the degree to which a risk, individually or in combination with other risks could adversely affect the achievement of quality objectives:*

- a. How the condition, event, circumstance, action or inaction would affect the achievement of the quality objectives;*
- b. How frequently the condition, event, circumstance, action or inaction is expected to occur;*
- c. How long it would take after the condition, event, circumstance, action or inaction occurred for it to have an effect, and whether in that time the SAI would have an opportunity to respond to mitigate the effect; and*
- d. How long the condition, event, circumstance, action or inaction would affect the achievement of the quality objective once it has occurred.*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

**48** *No comments*

**49** *No comments*

**50** *No comments*

**51** *No comments*

**52** *When designing and implementing responses to address quality risks, a SAI may consider the following:*

- a. The nature, timing and extent of the responses;*
- b. The appropriate level at which to implement the responses (e.g., at the institutional level, engagement level, or a combination of both); and*
- c. The necessity of documenting and communicating the response to ensure consistent implementation.*
- d. Balance the potential benefits in relation to the achievement of the objectives against costs, effort or disadvantages of implementation.*
- e. Considered the tolerance level for the quality risk.*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

*Adding:*

*It is important that when deciding the response to quality risk, the cost-benefit of the measure and the level of tolerance are taken into account.*

**53** *The following are examples of responses to quality risks that the SAI may design and implement to address quality risks:*

- a. The SAI establishes policies and procedures for:
 
  - i. Identifying, **analysing**, evaluating and addressing threats to compliance with the relevant ethical requirements; and*
  - ii. Identifying, **communicating, analysing**, evaluating **and** reporting and **communicating** of any breaches of the relevant ethical requirements and appropriately responding to the causes and consequences of the breaches in a timely manner;**
- b. The SAI obtains, at least annually, a documented confirmation of compliance with independence requirements from all personnel required by relevant ethical requirements to be independent;*
- c. The SAI establishes policies and procedures for receiving, investigating and resolving complaints and allegations about failures to perform its engagements in accordance with professional standards and applicable legal and regulatory requirements, or non-compliance with the SAI's policies or procedures;*
- d. The SAI establishes policies and procedures that identify, **analyse and evaluate** if and when an engagement quality review is an appropriate response to address one or more quality risks. <sup>3</sup> These policies and procedures may address matters such as, but not limited to:
 
  - i. Identification of specific engagements or types of engagements that require engagement quality reviews;**

- ii. *Eligibility to serve as an engagement quality reviewer;*
- iii. *Impairment of the engagement quality reviewer's eligibility to perform the engagement quality review; and*
- iv. *Performance of the engagement quality review.*

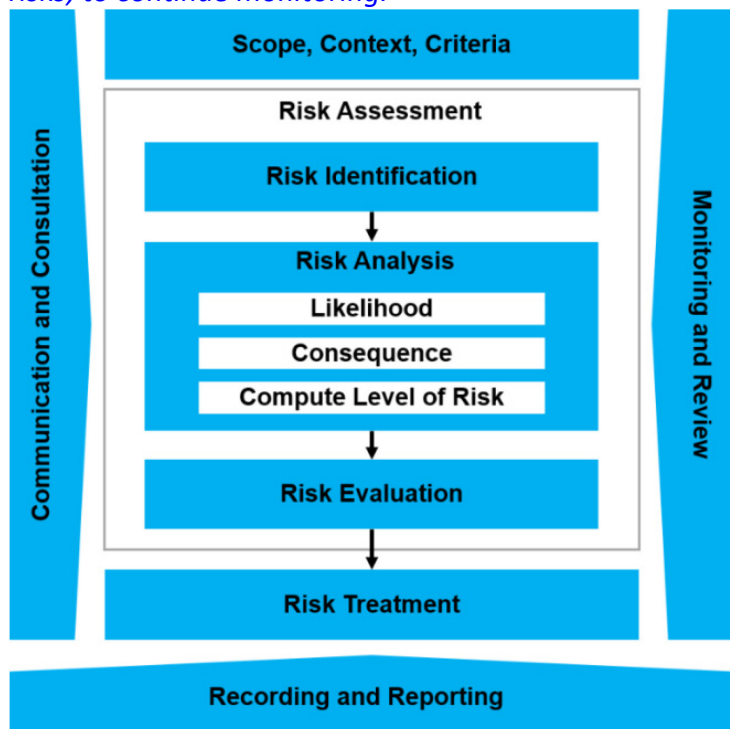
*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

*Adding:*

*It is important that the IDI provides a confirmation model of compliance on ethics, objectivity and independence in SAIs.*

*We suggest using the risk assessment phases established in ISO 31000:2018:*

*identify, analyze and evaluate. Then, the response to risks and finally, the registration and reporting of risks; to continue monitoring.*



**54** *The SAI shall establish a monitoring and remediation process to:*

- a. *Provide relevant, reliable and timely information about the implementation and operation of the system of quality management;*
- b. *Identify potential deficiencies in the design and operation of the system of quality management;*
- c. *Take appropriate action to respond to identified deficiencies such that they are remediated on a timely basis; and*
- d. *Enable it to assess compliance with ISSAIs and with policies and procedures it has established to address quality risks.*
- e. *Identity change from performance level required or expected for the system of quality management.*
- f. *Monitors the environment to determine if there are any emerging quality risks.*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

*Adding:*

*The suggestions to add are based on the ISO 31000:2018 model for the monitoring and review phase.*

**55** *No comments*

**56** *No comments*

**57** *No comments*

**58** *Establishing a monitoring and remediation process may include:*

- a. *Designing monitoring activities to identify deficiencies in the design and operation of the system of quality management;*

- b. *Determining the circumstances when a review of completed engagements **are** required as part of monitoring activities; and*
- c. *Establishing criteria for selecting engagements for review, the frequency of reviews and who should perform them.*

*Grammar: change "is" for "are"*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

**59** *In determining the nature, timing and extent of the monitoring activities, the SAI may consider:*

- a. *Its size, structure and organisation;*
- b. *The reasons for the assessments given to the quality risks;*
- c. *The design of the responses;*
- d. *The design of the SAI's risk assessment process;*
- e. *The changes in the system of quality management; and*
- f. *The results of previous monitoring activities.*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

**60** *Changes in the system of quality management may include:*

- a. *Changes to address an identified deficiency in the system of quality management; and*
- b. *Changes to the quality objectives, quality risks, or responses to address the quality risks resulting from changes in the nature and circumstances of the audit organization and its engagements.*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

**61** *No comments*

**62** *No comments*

**63** *No comments*

**64** *No comments*

**65** *An example of a report on essential elements that must be disclosed by the SAI to its stakeholders could be provided.*

**66** *No comments*

**67** *In concluding on the system of quality management, the person assigned responsibility and accountability for the system of quality management may consider*

- a. *The SAI's quality management risk assessment process, including its quality objectives, quality risks, and a description of the responses and the extent to which the SAI's responses address the quality risks; and the results of the monitoring and remediation process, including:*
  - i. *The severity and pervasiveness of identified deficiencies and the effect on the achievement of the objective of the system of quality management;*
  - ii. *Whether remedial actions have been designed and implemented by the SAI and whether the remedial actions taken up to the time of the evaluation are effective; and*
  - iii. *Whether the effect of identified deficiencies on the system of quality management has been appropriately corrected, such as whether further actions have been taken as appropriate.*

*In the list, change from lowercase to uppercase in each bullet, and deleting each semicolon at the end of the sentence.*

**68** *An example of a report on essential elements that must be disclosed by the SAI to its stakeholders could be provided.*

**69** *The SAI shall prepare documentation of its system of quality management that is sufficient to:*

- a. *Provide evidence of the design, implementation and operation of the system of quality management;*
- b. *Support a consistent understanding of the system of quality management by the personnel, including their roles and responsibilities within the system of quality management and in performing engagements;*
- c. *Support the consistent implementation and operation of the system of quality management; and*



d. *Support the monitoring and evaluation of the system of quality management.*

**70** *No comments here*

<b>Name of the organisation</b>	<b><i>Rigsrevisionen Denmark</i></b>
<b>Date</b>	<i>21 June 2023</i>

### **Comments on the exposure draft of ISSAI 140 Quality Standards for SAIs**

Thank you for the opportunity to comment on the ISSAI 140 exposure draft. We appreciate your efforts to integrate new principles of quality management into a context of SAIs, and we find the draft to be a clarification on how SAIs can ensure sound quality management systems.

The National Audit Office of Denmark – NAOD (Rigsrevisionen) has the following comments to the five questions in the draft material.

*Question 1: Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.*

We suggest that the ISSAI 140 should be supplemented with authoritative non-binding guidance.

In the NAOD, we have discussed the draft ISSAI 140 and its possible implementation with the directors and auditors engaged in internal development of audit guidance in our organization. We note that the standard itself provides requirements and application material that leaves the SAIs with a relatively wide scope of interpretation as regards implementation of the various components. We value the flexibility it leaves for each SAI to define its own solutions.

However, our internal discussions on the draft have also clearly demonstrated that this ISSAI will be difficult for us to implement unless it is supplemented with guidance that clarifies the intentions behind the text in a much more concrete and operational manner.

We specifically ask for authoritative non-binding guidance and illustrative examples on:

- Quality objectives: How would a typical set of quality objectives look like for a SAI? What organisational level is suitable for defining goals? To what degree would it require measurability? Is the intention that we define a few focused objectives (areas for improvement) or should we try to be exhaustive and cover all relevant aspects for each component in the quality management system?
- Quality risk assessment: What would qualify to be a significant quality risk? Why should we define risks based on objectives – would it not be better to define objectives based on the risks?
- Engagement quality review: What does this new concept imply in a SAI context? How may such reviews be integrated into the responsible line of management in a SAI? Does this differ from normal supervision and quality review by the head of SAI/senior staff of SAI audit reports?
- Quality evaluation and conclusions: How can this evaluation be carried out? How is it related to cold review? What constitutes a significant flaw in the quality management, and how should it be reflected in the report? What would be the format of such a conclusion?

We very much value the *GUID 1900 Peer review guidelines* which provided the basis for a peer review of our organization in 2021. This was part of the monitoring activities in our quality management system in line with the current ISSAI 140. We would suggest that the above topics as well as, for instance, cold reviews could be covered in similar implementation guidance and attached in the same way to ISSAI 140.

*Question 2: Do you agree with the changes in the ISSAI 100?*

We agree with the proposed text in in ISSAI 100 in para 36 and in ISSAI 140 para 8.

We find it confusing that a SAI's quality management is also treated in para 40. To us, it would make more sense if para 40 concerned the auditor's obligation to manage quality in the individual audit.

However, this is not the case in the proposed wording as it is mainly focused on SAI's quality procedures and includes reference to ISSAI 140.

We support the principle that a SAI should appoint a responsible auditor for each engagement, but find that this principle would be better placed together with para 36 in the section on organizational requirements.

To illustrate the difference, we propose a wording for a principle on quality management at engagement level which might be further developed by the project group and included in the 'general principles section' of ISSAI 100:

***The responsible auditor should manage quality throughout the audit process***

*The responsible auditor should manage quality by ensuring that the audit procedures meet the objectives of the audit and sufficient appropriate evidence is obtained in order to enable the auditor to draw the relevant conclusions and meet the relevant reporting responsibilities. In this way the responsible auditor ensures that audit risk is reduced to an acceptable low level before the resulting audit report is issued.*

*Question 3:*

*a) Do you agree with our approach to structuring ISSAI 140?*

Yes. There may be a need to explain how the components in para 8 and the organisational requirements that are outlined in the standard are linked. It is not entirely clear how they are interconnected, although we have observed some of the components in the organisational requirements. In addition, we have found a little discrepancy in the headline at para 37 (ethical requirements) compared to para 8.

*b) Have we set the requirements at the right level?*

Yes

*c) Do you see any elements of the application material that should be elevated to the level of requirements?*

No

*d) Do you find the examples for responses to qualify risks sufficient for identifying responses across components?*

Please see our reply to question 1. We propose GUID with examples of quality objectives, quality risks, the carrying out of engagements, cold reviews etc. to be very helpful.

*Question 4: Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?*

We agree that the review of completed engagements should continue to be included in ISSAI 140. We put great emphasis on how the review can stimulate continuous learning in the organisation.

*Question 5: Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?*

We support the current wording of the draft. We would not support a requirement to provide a formalized conclusion in the format of a declaration or opinion on the effectiveness of the quality system. It would formalize the quality management process to a degree where it would be difficult to address quality issues and stimulate continuous learning in the organization.

We hope that our remarks have been helpful, and look forward to see the end result.

Name of the organisation	COUR DES COMPTES – France
Date	21/06/2023
Paragraph	Comments
1	Type your comments here
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7	<b>Would it be helpful to include a reference to the ISO quality management standards?</b>
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14	<b>It may be useful to recall here that the engagement quality reviewer is a qualified external person, or a team of such people, <u>none of whom is part of the engagement team.</u></b>
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47	<p><b>To illustrate, it would be helpful in this paragraph to describe a few risks that are specific to SAIs.</b></p> <p><b>It would certainly help to define a taxonomy of risks on which SAIs could draw when designing their own risk management tool.</b></p>
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65	<p><b>Please clarify.</b></p> <p><b>Is this a suggestion, or a request for SAIs to put in place level-3 controls of the QMS, and should this external quality audit be done by an external auditor or by other SAIs? A peer review could be carried out remotely on the basis of documents from the audited SAIs, once every three years.</b></p>
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<b>Name of the organisation</b>	<b>National Audit Office of Finland</b>
<b>Date</b>	16.6.2023
<b>Paragraph</b>	<b>Comments</b>
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28	<b>In smaller organizations, if there is a same individual who handles the roles described in paragraph 28a and 28b, could this lead to a potential conflict of interest? Similarly in paragraph 65: Can the same person who operates the system of quality management, evaluate and conclude on the objectives met?</b>
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65	<b>Paragraph 28 states that the same individual can be assigned to hold the responsibilities described in paragraphs 28a and 28 b, i.e. being responsible for the system and also operating the system of quality management. If this individual then evaluates and concludes on the objectives met, is there a potential conflict of interest?</b>
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<b>Name of the organisation</b>	<b>Hellenic Court of Audit</b>
<b>Date</b>	<i>24.05.2023</i>

In response to your email regarding the publication by the Professional Standards Committee of the new exposure draft of ISSAI 140 – Quality management for SAIs (ISSAI 140), we would like to inform you that we have **no comment whatsoever to add on the draft report of the aforementioned International Standard and its explanatory statement**, since we consider their content to be complete.

Kind regards,

Fourth Judicial Section Secretariat and  
European, International & Public Relations Division  
Hellenic Court of Audit



<b>Name of the organisation</b>	<b>GAO</b>
<b>Date</b>	<i>21.06.2023</i>

**GAO's Response to the International Organization of Supreme Audit Institutions' March 2023 Exposure Drafts: International Standards of Supreme Audit Institutions 140, *Quality Management for SAIs*, and 100, *Fundamental Principles of Public-Sector Auditing***

Dear Ms. Ivanova:

This letter provides GAO's response to the International Organization of Supreme Audit Institutions' (INTOSAI) request for comments on proposed International Standard of Supreme Audit Institutions (ISSAI) 140, *Quality Management for Supreme Audit Institutions*, and proposed ISSAI 100, *Fundamental Principles of Public Sector Auditing*. An effective system of quality management can provide supreme audit institutions (SAI) with reasonable assurance that their audits and other work are consistently performed with a high level of quality in accordance with ISSAIs and applicable legal and regulatory requirements. The public interest is best served by the consistent performance of high-quality audit engagements.

GAO publishes standards for performing high-quality audits of government organizations, programs, activities, and functions and assistance provided to contractors, nonprofit organizations, and other nongovernment organizations. GAO's standards provide guidance for performing audits with competence, integrity, objectivity, and independence.<sup>1</sup> These standards are developed through an extensive deliberative process involving the Comptroller General's Advisory Council on Government Auditing Standards and a public comment period. The standards, often referred to as generally accepted government auditing standards (GAGAS), are to be followed by auditors and audit organizations when required by law, regulation, agreement, contract, or policy.

<sup>1</sup>GAO, *Government Auditing Standards: 2018 Revision Technical Update April 2021*, [GAO-21-368G](#) (Washington, D.C.: April 2021).

In January 2023, we issued an exposure draft proposing enhancements to GAGAS to strengthen the framework for conducting high-quality government audits through the quality management systems of audit organizations. To develop the proposed standard, we considered the International Auditing and Assurance Standards Board's International Standard on Quality Management (ISQM) and the American Institute of Certified Public Accountants' Statements on Quality Management Standards (SQMS). We also considered the potential impact on government audit organizations and GAGAS engagements, including performance audits. The proposed GAGAS enhancements generally align with ISQM and SQMS.

To develop ISSAI 140, the INTOSAI working group stated that it identified the key high-level requirements from ISQM and adapted them to the SAI context. The working group analyzed the remaining ISQM requirements and revised them to serve as application material. The working group believes that such an approach allows flexibility to the SAIs while effectively resulting in SAIs applying most of what ISQM requires.

We support INTOSAI's efforts to adopt an approach that reflects enhancements that strengthen an audit organization's framework for conducting high-quality government audits through its quality management system and promotes flexibility in applying organizational requirements that are adaptable to each SAI's unique characteristics. However, we are concerned that the degree of flexibility provided results in a proposed standard that does not include the minimum level of requirements that would help SAIs to assure that their quality management systems are effectively designed, implemented, and operating to provide reasonable assurance that audits and other work are consistently performed with a high level of quality that serves the public interest.

We suggest that certain ISQM requirements should be added to the requirements in ISSAI 140. We believe that these additional requirements would assist SAIs in designing, implementing, and operating effective quality management systems to produce audits and other work with a consistent high level of quality.

1. We suggest clarifying the minimum requirements for quality objectives that the system of quality management is intended to address. Specifically, we suggest revising ISSAI 140 paragraph 32 to require that SAIs establish one or more quality objectives for each of the six components of the system of quality management and that the quality objectives a SAI establishes should be appropriate to its circumstances. These revisions would clarify the minimum requirements for quality objectives that the system of quality management is intended to address.

2. We suggest adding a requirement that SAIs should evaluate the remedial actions for correcting deficiencies identified in the system of quality management to determine the effectiveness of these actions. Without evaluations of such actions, SAIs are unable to assess whether the remedial actions are appropriately designed and implemented or are effective.

3. We suggest adding requirements that SAIs should respond to circumstances when quality management findings indicate that there is an engagement for which required procedures were omitted during the performance of the engagement or the report issued may not comply with professional standards and applicable laws and regulations.

4. We suggest adding a requirement that SAIs should establish a period of time to retain documentation for the system of quality management that is sufficient to enable SAIs to monitor the design, implementation, and operation of their systems of quality management or as applicable to meet other needs.

The enclosure to this letter provides responses to the specific questions on the proposed ISSAI 140 and ISSAI 100, as well as additional items to clarify and strengthen the proposed standards and improve the auditor's and SAI's understanding of the requirements.

## Enclosure

### Responses to Questions on INTOSAI's March 2023 Exposure Drafts: ISSAI 140, *Quality Management for SAIs*, and ISSAI 100, *Fundamental Principles of Public-Sector Auditing*

**1. Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.**

GAO publishes standards, often referred to as generally accepted government auditing standards (GAGAS). Auditors and audit organizations follow our standards when required by law, regulation, agreement, contract, or policy.<sup>2</sup> We are revising GAGAS to strengthen the framework for conducting high-quality government audits through the quality management systems of audit organizations. We believe that the proposed GAGAS revision would meet the requirements proposed in International Standard of Supreme Audit Institutions (ISSAI) 140.

<sup>2</sup>GAO, *Government Auditing Standards: 2018 Revision Technical Update April 2021*, [GAO-21-368G](#) (Washington, D.C.: April 2021).

<sup>3</sup>International Auditing and Assurance Standards Board (IAASB), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, ISQM 1 (New York: Dec. 17, 2020), paras. 28–33.

**2. Do you agree with the changes in the ISSAI 100?**

We generally agree with changes proposed to ISSAI 100 as they are intended to conform ISSAI 100 to ISSAI 140.

**3. A. Do you agree with our approach to structuring ISSAI 140?**

See our response to 3B.

**B. Have we set the requirements at the right level?**

We believe including certain additional requirements that are in the International Standard on Quality Management (ISQM) would assist supreme audit institutions (SAI) in designing, implementing, and operating effective quality management systems to produce audits and other work with a consistent high level of quality.

1) ISQM identifies the required quality objectives necessary for an effective system of quality management, while ISSAI 140 does not.<sup>3</sup> ISSAI 140 paragraph 32 states that the SAI shall establish quality objectives "appropriate to its circumstances" that the system of quality management is intended to address.

We suggest clarifying paragraph 32 to require that SAIs establish one or more quality objectives for each of the six components of the system of quality management listed in the paragraph and that the quality objectives a SAI establishes should be appropriate to its circumstances. The six components are (1) governance and leadership; (2) fulfilment of the SAI's responsibilities in accordance with ethical

requirements; (3) acceptance, initiation, and continuance of engagements; (4) performing engagements and issuing audit reports; (5) SAI resources; and (6) information and communication. These revisions would clarify the minimum requirements for quality objectives that the system of quality management is intended to address and align ISSAI 140 more closely with ISQM. Information on the six quality components is presently included as application material in ISSAI 140 paragraphs 36 through 42.

2) ISQM includes requirements for evaluating remedial actions for the monitoring and remediation process to determine whether those actions, appropriately designed to address identified deficiencies and their related root cause(s), have been implemented and are effective in addressing identified quality management deficiencies. ISQM also includes requirements for modifying the remedial actions as necessary to ensure that they are effective.<sup>4</sup> We suggest adding a requirement that SAIs should evaluate the remedial actions for correcting deficiencies identified in the system of quality management to determine the effectiveness of these actions. Without evaluations of such actions, SAIs are unable to assess whether the remedial actions are appropriately designed and implemented or are effective.

3) ISQM includes requirements for responding to circumstances when findings indicate that procedures were omitted during the performance of an engagement or the report issued may be inappropriate.<sup>5</sup> It further requires the following:

<sup>4</sup>IAASB, ISQM 1, paras. 43–44.

<sup>5</sup>IAASB, ISQM 1, para. 45.

<sup>6</sup>IAASB, ISQM 1, para. 60.

(a) Taking appropriate action to comply with relevant professional standards and applicable legal and regulatory requirements.

(b) When the report is considered to be inappropriate, considering the implications and taking appropriate action, including considering whether to obtain legal advice.

We suggest adding requirements that SAIs should respond to circumstances when quality management findings indicate that required procedures were omitted during the performance of an engagement or the report issued may not comply with professional standards and applicable laws and regulations. Without such actions, the public may rely on information that is inaccurate.

4) ISQM includes requirements for establishing a period of time retaining documentation for the system of quality management that is sufficient to enable the firm to monitor the design, implementation, and operation of its system of quality management, or for a longer period if required by law or regulation.<sup>6</sup> We suggest including a requirement that SAIs should establish a period of time for retaining documentation for the system of quality management that is sufficient to enable an SAI to monitor the design, implementation, and operation of the system, or as applicable to meet other needs. ISSAI 140 paragraph 69 currently does not require that an SAI establish a period of time to retain documentation for the system of quality management.

**C. Do you see any elements of the application material that should be elevated to the level of requirements?**

See our response to question 3B.

**D. Do you find the examples for responses to quality risks sufficient for identifying responses across components?**

We are not providing a response to this question.

**4. Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?**

We suggest allowing each SAI to determine whether reviews of completed engagements should be part of its monitoring process. We believe an SAI should establish a process for monitoring the design, implementation, and operation of its system of quality management to provide a basis for identifying deficiencies and remediating them on a timely basis. An SAI's review of completed engagements may determine if responses to address quality risks at the engagement level have been implemented as designed and are operating effectively. However, an SAI may perform other procedures to accomplish this objective.

**5. Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?**

We agree with the requirement to evaluate the system of quality management annually consistent with ISQM 1.<sup>7</sup> We believe that an annual review is necessary to evaluate the effectiveness of the quality management system. The results of the evaluation can help determine if an SAI needs to make changes to maintain the effectiveness of its system of quality management and assist the SAI's leadership in fulfilling its responsibility for the system.

<sup>7</sup>IAASB, ISQM 1, para. 53.

**6. Do you agree with our approach? Do you have any comments/suggestions on the definitions including the new proposed definitions of *Culture and Quality*?**

It is reasonable to include only applicable definitions from ISQM 1 in ISSAI 140 and to add definitions of key concepts in the SAI environment. We believe that the proposed definition of culture is clear within the context of the exposure draft. However, in our view the definition of quality (i.e., "the extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders' needs") should omit "and satisfy stakeholders' needs" to avoid confusion about stakeholder roles and the potential for threats to the SAI's independence. We also believe that ISSAI 140 paragraph 40f (i.e., "audit reports are appropriate and satisfy stakeholders' needs") should also omit "and satisfy stakeholders' needs" for this reason.

**7. Do you agree with setting effective date as one year following the final approval?**

It is proposed that the ISSAI 140 take effect 1 year after the International Organization of Supreme Audit Institutions' Governing Board endorsement with a January 2025 estimated effective date. A January 2025 effective date may not allow SAIs sufficient time to implement ISSAI 140. We suggest that ISSAI 140 be effective December 2025 to allow SAIs additional time to plan, design, and implement a quality management system that meets the requirements of ISSAI 140.

**GAO's Additional Comments**

We believe there could be further clarifications to the proposed standards and are providing the following suggestions for aiding SAIs' understanding of the standards.

1) To enhance auditors' and SAI's overall understanding and implementation of the ISSAIs, we believe that ISSAI 100 and 140 should clarify how the components of an SAI's system of quality management relate or link to the organizational requirements that underpin the SAI's system of quality. We believe that it is unclear how the components of an SAI's system of quality management (ISSAI 100 paragraph 36) relate to the organizational requirements that underpin such a system (ISSAI 140 paragraph 9). ISSAI 100 paragraph 36 states that an SAI's system of quality management generally addresses eight interconnected components: (1) SAI's risk assessment process; (2) governance and leadership; (3) relevant ethical requirements; (4) acceptance, initiation, and continuance of engagements; (5) performing engagements and issuing audit reports; (6) SAI resources; (7) information and communication; and (8) monitoring and remediation process. These eight components are similar to the components ISQM 1 describes in a system of quality management.<sup>8</sup>

<sup>8</sup>IAASB, ISQM 1, para. 6.

ISSAI 140 paragraph 9 defines SAIs' organizational requirements based on the eight components included in ISSAI 100 paragraph 36. ISSAI 140's seven organizational requirement categories are (1) establishing the system of quality management, (2) establishing quality objectives, (3) identifying and assessing quality risks, (4) designing and implementing responses, (5) monitoring the system of quality management and remedying identified deficiencies, (6) evaluating and concluding on the effectiveness of the system of quality management, and (7) documenting the system of quality management. We believe that describing the linkage between the quality management components and organizational requirements would clarify ISSAI 140.

2) We suggest clarifying or providing examples to the application material in paragraph 63 relating to monitoring the system of quality management and remedying identified deficiencies. Paragraph 63 states to "assist their monitoring and remediation process, SAIs may on a regular or more occasional basis seek feedback that can support the SAI in developing quality and quality management over time. Such feedback may be obtained from parties audited by the SAI or users of the SAI's audit reports." We believe that it is unclear how an entity an SAI audits or users of the SAI's reports may provide feedback that can support the SAI in developing a system of quality management. SAIs should also be mindful of independence concerns that soliciting feedback from audited entities on quality may raise.

3) We suggest modifying paragraph 19 to state that the quality objectives are associated with “components of the quality management system relating to governance and leadership; fulfilment of the SAI’s responsibilities in accordance with ethical requirements; acceptance, initiation, and continuance of engagements; performing engagements and issuing audit reports; SAI resources; and information and

communication.” We believe this will help to clarify the relationship between quality objectives and quality components.

4) We suggest clarifying the intended timing for the completion of an engagement quality review. Paragraph 13 states that the engagement quality review is completed before the date of the audit report. However, financial statement audits and performance audits can have different requirements for dating the auditor’s report. We suggest clarifying that engagement quality reviews should be completed before “the date the audit report is issued” to allow sufficient time for the engagement quality reviewer to complete a thorough and effective review.

5) We suggest revising ISSAI 140 paragraph 14 to include the eligibility qualifications for the engagement quality reviewer required in ISQM 2 paragraph 18. We do not believe the current definition of the engagement quality reviewer in ISSAI 40 paragraph 14 is complete and consistent with ISQM 2. Specifically, we suggest the following language:

Engagement quality reviewer – an individual or a team, within the SAI or external, that

- is not a member of the engagement team;
- has the competence and capabilities, including sufficient time, and the appropriate authority to perform the engagement quality review;
- complies with relevant ethical requirements, including in relation to threats to objectivity and independence of the engagement quality reviewer; and
- complies with provisions of law and regulation, if any, that are relevant to the eligibility of the engagement quality reviewer.

We believe that the engagement quality reviewer should perform an objective (not necessarily independent) evaluation of the engagement and be independent from the audited entity.

6) We believe that ISSAI 140 could be enhanced by including additional information to assist SAIs in effectively documenting their systems of quality management. We suggest adding application guidance to provide examples of information that an SAI may include in documentation of its system, such as

- the SAI’s quality objectives and quality risks;
- a description of the responses and how the SAI’s responses address the quality risks;
- information regarding the monitoring and remediation process, including evidence of the monitoring activities performed, the evaluation of findings and identified deficiencies and their underlying causes, remedial actions to address identified deficiencies and the evaluation of the design and implementation of such remedial actions, and communications about monitoring and remediation; and
- the basis for the conclusions reached regarding the evaluation of the system of quality management.

<b>Name of the organisation</b>	<b>SAI Germany</b>
<b>Date</b>	<i>12 April 2023</i>
<b>Paragraph</b>	<b>Comments</b>
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<b>9</b>	<i>Type your comments here</i>
<b>10</b>	<i>Type your comments here</i>
<b>11</b>	<i>In para. 11 c., the “do” should be singular (“does”), as under b.</i>
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<b>43</b>	<i>In para 43, the term quality risk is again defined and thus, this is a repetition of para. 20 from the definition passage</i>
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<b>Name of the organisation</b>	<b><i>INTOSAI Development Initiative</i></b>
<b>Date</b>	<i>21 June 2023</i>

<b>Paragraph</b>	<b>Comments</b>
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7	Other ISSAIs touch upon QM issues, however, - differently and sometimes using the terminology differing from new ISSAI 140. We suggest that ISSAI 140 takes precedence over other ISSAIs in QM related issues, in case of any contradictions between ISSAI 140 and other ISSAIs. Will conforming amendments also be made to ISSAI 3000 and 4000, as has been done in case of ISSAI 2220 ?
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22	It is not clear as to what is covered by the term 'operational activity'. It may be good to define this.
23	We suggest highlighting 'accountability' aspect in the main requirement, similar to ISQM 1. As the intention of the standard is to differentiate between ultimate and operational responsibility, we suggest rephrasing of 28.a . The current phrasing creates the impression that Head of SAI can delegate responsibility for the entire system.
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28	<i>"In smaller SAIs, all these responsibilities may be assigned to the same individual."</i> Since there are operational responsibilities which are incompatible with another due to the objectivity and independence requirements (e.g., EQR, monitoring and remediation process), the statement above may create quality risk, or may constitute deficiency in the system. We suggest modifying the statement that for smaller SAIs, some of the compatible responsibilities may be assigned to the same individual, or some of the operational responsibilities may be



discharged through engagement of external parties (e.g., regional support approach).

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Should there be an additional sentence requiring the SAI to change the quality objectives if so required after the assessment ?

*“In the cases of legal mandates and requests, the SAI may be required to conduct the engagement and may not be permitted to make decisions about acceptance or continuance or to resign or withdraw from the engagement.”*

In relation to the above statement, we are of the view that if SAIs are being required (not requested) to do audits by the executive and parliament this could be in contradiction with principles 3 and 6 of the Mexico declaration.

We also suggest adding quality objective related to financial resources of the SAI.

‘Information and communication’ should not be limited just to informing and communicating about SoQM (see the paragraph 40 as an example). One of the main quality objectives related to information and communication would be – that audit results are communicated to stakeholders in impartial and fair manner.

See comment in par. 33

See comment in par. 33

We suggest highlighting in paragraph 58(c) the objectivity and competency requirements for the individual(s) who will be performing the monitoring activities similar with paragraph 39 of ISQM 1.

62 Could we include examples of 'on-going monitoring activity'?

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As the head of SAI (paragraph 23 ) has ultimate responsibility for the system of QM, shouldn't the head of SAI also be ultimately responsible for evaluation?

We are concerned that SAIs will not be able to perform annual evaluations.

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<b>Name of the organisation</b>	<i>Jamaica</i>
<b>Date</b>	<i>21 June 2023</i>

#### ISSAI 140 – QUALITY MANAGEMENT FOR SAIs EXPOSURE DRAFT

1. Pg. 9.

**Response** – policies and procedures designed and implemented by a SAI, and actions undertaken within the system of quality management to address one or more quality risks.

**Policies** are statements of what should, or should not, be done to address a quality risk. Such statements may be documented, explicitly stated in communications or implied through actions and decisions; **Procedures** are actions to implement policies. These can be: a. preventive: designed and implemented to prevent the risk from occurring, aimed at the root cause of the risk; b. corrective: designed and implemented to mitigate the effects of “an occurring risk” and to prevent it from happening again.

**Observation:** a) Should the polices and procedures be clearly identified in separate points? Clarification is needed.

b) Additionally, point a and b should have adequate spacing.

2. Pg. 11 number 30 INTOSAI-Ps most notably in INTOSAI P-10 Mexico (Would this impact/applicable other SAIs across the world).

<b>Name of the organisation</b>	<i>Japan</i>
<b>Date</b>	<i>16 June 2023</i>

### Comments on ISSAI 140 Exposure Draft

2) The public interest is best served by a SAI carrying out its engagements at a consistently high level of quality. The design, implementation and operation of a system of quality management help a SAI achieve this objective and provide reasonable assurance that its processes are in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) or other relevant standards and applicable legal and regulatory requirements.

(Comment on Para. 2)

The scope of reasonable assurance in a system of quality management should contain not only the ISSAIs but also “other relevant standards” because there are SAIs not only conduct audits in accordance with the ISSAIs but also conduct audit in accordance with the national standards they have developed based on or are consistent with the principles of the ISSAIs of the hundred series. This is because ISSAI 100 permits these kinds of diversity in application of the ISSAIs in Para. 9-10. Furthermore, revised ISSAI 100 in connection with revision of ISSAI 140 contains not only the ISSAIs but also “other relevant standards” as the scope of reasonable assurance in the system of quality management in Para. 36.

5) The purpose of ISSAI 140 is to set out the organizational requirements that a SAI shall follow for quality management when carrying out all audits and other work ~~claiming compliance with the ISSAIs~~. ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1.1 The principles of the latter are adapted as necessary to apply to SAIs and the public sector context in which they work.

(Comment on Para. 5)

The scope of quality management should not limit compliance with the ISSAIs but broaden to “carrying out all audits and other work” because as mentioned in the comment on Para. 2, there are SAIs not only conduct audits in accordance with the ISSAIs but also conduct audit in accordance with the national standards they have developed based on or are consistent with the principles of the ISSAIs of the hundred series, and Exposure Draft of ISSAI 140 mentions that “ISSAI 140 may also be used for jurisdictional and other activities carried out by the SAI” in Para. 6. Furthermore, ISQM 1 that Exposure Draft of ISSAI 140 based on mentions only engagements such as audits or reviews of financial statements, and does not mention compliance with professional standards as scope of ISQM 1 in Para. 5.

8) ISSAI 100 *Fundamental Principles of Public-Sector Auditing* provides that each SAI should establish and maintain a system of quality management to provide it with reasonable assurance that the SAI carries out all audits and other work at a consistently high level of quality and in accordance with the ISSAIs or other relevant standards and applicable legal and regulatory requirements. A SAI's system of quality management generally addresses the following interconnected components in a continual and iterative manner:

- SAI's risk assessment process;
- governance and leadership;
- relevant ethical requirements;
- acceptance, initiation, and continuance of engagements;
- performing engagements ~~and issuing audit reports~~;
- SAI resources;
- information and communication; and
- monitoring and remediation process.

(Comment on Para. 8)

“and issuing audit reports” should be eliminated because Exposure Draft of ISSAI 140 defines engagement as “any work carried out by a SAI that is within the scope of the ISSAIs” in Para. 12, as a result, issuing audit reports is included in engagement. Furthermore, ISQM 1 does not mention issuing audit reports, and mentions only engagement performance as component of a system of quality management in Para. 6. (e).

18) **Quality** – the extent to which the work performed and reports issued by the SAI comply with ~~the ISSAIs or other relevant standards~~~~professional standards~~ and applicable legal and regulatory requirements and satisfy stakeholders' needs.

(Comment on Para. 18)

“the ISSAIs or other relevant standards” should be stipulated to define professional standards in the context of SAI because Exposure Draft of ISSAI 140 does not define professional standards. Furthermore, ISQM 1 defines professional standards as IAASB Engagement Standards, as defined in the IAASB's *Preface to the International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements*, and relevant ethical requirements in Para. 16. (p). As a result, they do not contain ISSAI 3000 and ISSAI 4000 that SAIs shall comply with when they conduct ISSAI's performance audit and compliance audit respectively.

25) The system of quality management shall include the objectives relevant to assure that the SAI has the necessary independence and is able to carry out its audit work in sufficient quality in accordance with the ISSAIs ~~or other relevant standards~~. The SAI shall incorporate into the system of quality management the objectives that are relevant to ensure compliance with the principles and organizational requirements of ISSAI 130 *Code of Ethics* and ISSAI 150 *Auditor Competence* as well as the ISSAIs ~~or other relevant standards~~ applicable to the individual audits.

(Comment on Para. 25)

As mentioned in the comment on Para. 2, the scope of assurance in the system of quality management should contain not only the ISSAIs but also “other relevant standards”.



32) The SAI shall establish quality objectives appropriate to its circumstances that the system of quality management is intended to address. The quality objectives are associated with governance and leadership; fulfilment of the SAI’s responsibilities in accordance with ethical requirements; acceptance, initiation, and continuance of engagements; performing engagements ~~and issuing audit reports~~; SAI resources; and information and communication.

(Comment on Para. 32)

As mentioned in the comment on Para. 8, “and issuing audit reports” should be eliminated because issuing audit reports is included in engagement by definition.

34) Laws, regulations and ~~the ISSAIs or other relevant standards~~~~professional standards~~ may create a requirement for specific quality objectives.

(Comment on Para. 34)

As mentioned in the comment on Para. 18, “the ISSAIs or other relevant standards” should be stipulated to define professional standards in the context of SAI.

38) Quality objectives associated with the acceptance, initiation, and continuance of engagements may specify that the SAI will normally accept, initiate, and continue engagements only if it:

- a. complies with ~~the ISSAIs or other relevant standards~~~~professional standards~~, applicable legal and regulatory requirements, and ethical ~~requirements~~~~principles~~;
- b. acts within its legal mandate or authority; and c. has the capabilities, including time and resources, to do so.

(Comment on Para. 38)

As mentioned in the comment on Para. 18, “the ISSAIs or other relevant standards” should be stipulated in a. to define professional standards in the context of SAI.

Also, “ethical principles” should be modified to “ethical requirements” in a. because it is not ethical principles but ethical requirements that SAI and its personnel are required to comply with as revised ISSAI 100 in connection with revision of ISSAI 140 mentions that “Each SAI should establish the relevant ethical requirements and maintain procedures that will provide it with reasonable assurance that the SAI and its personnel are complying with the ethical requirements” in Para. 35.

39) A SAI’s engagements may arise (1) from its legal mandates, (2) following requests of legislative or oversight bodies, and (3) at its own discretion. In the cases of legal mandates and requests, the SAI may be required to conduct the engagement and may not be permitted to make decisions about acceptance or continuance or to resign or withdraw from the engagement ~~unless the SAI has legal mandates to make~~ discretionary decisions about them.

(Comment on Para. 39)

“unless the SAI has legal mandates to make discretionary decision about them” should be added because there are SAIs that are independent of the legislature, and have legal mandates to make discretionary decision about acceptance of requests from the legislature.

Performance engagements (p. 15) ~~and issuing audit reports~~

(Comment on caption in page 15)

As mentioned in the comment on Para. 8, “and issuing audit reports” should be eliminated because issuing audit reports is included in engagement by definition.

40) Quality objectives associated with performing engagements ~~and issuing audit reports~~ may set expectations on the extent to which:

- a. engagement teams understand and fulfil their responsibilities in connection to engagements, including the overall responsibility of the individual responsible for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the different stages of the engagement;
- b. the nature, timing, and extent of direction and supervision of engagement teams and review of the work performed is appropriate based on the specific features of the engagements and the resources assigned or made available to the engagement team;
- c. engagement teams exercise appropriate professional judgment and professional skepticism;
- d. consultation on significant matters is undertaken, especially for difficult or contentious matters, and the conclusions agreed to are implemented and, as appropriate, documented;
- e. differences of opinion (e.g. within the engagement team, or between the engagement team and the engagement quality reviewer or individuals performing activities within the SAI's system of quality management) are brought to the attention of officials at the appropriate level of the SAI, resolved and documented appropriately;
- f. audit reports are appropriate and satisfy stakeholders' needs; and
- g. engagement documentation is assembled on a timely basis after the date of the audit report and is appropriately maintained and retained to meet the needs of the SAI and to comply with law, regulation, relevant ethical requirements, and the ISSAIs or other relevant standards~~professional standards~~.
- h. those parties directly affected by the SAI's work have an opportunity to provide comments prior to the work being finalized, regardless of whether or not a report is made publicly available by the SAI.

(Comment on Para. 40)

As mentioned in the comment on Para. 8, “and issuing audit reports” should be eliminated in the first line because issuing audit reports is included in engagement by definition.

As mentioned in the comment on Para. 18, “the ISSAIs or other relevant standards” should be stipulated in g. to define professional standards in the context of SAI.

(Comment on newly added h.)

ISQM 1 that Exposure Draft of ISSAI 140 based on basically assumes assurance engagements where procedures of seeking comments on the audit findings, conclusions and recommendations from the audited entity are usually not required. While on the contrary, ISSAI 300 defines ISSAI' performance audit as non-assurance engagements in Para. 21, and ISSAI 3000 requires that “the auditor shall give the audited entity the opportunity to comment on the audit findings, conclusions and recommendations before the SAI issues its audit report” in Para. 129. Therefore, “h. those parties directly affected by the SAI's work have an opportunity to provide comments prior to the work being finalized, regardless of whether or not a report is made publicly available by the SAI” should be added to set quality objectives associated with



performing non-assurance engagements by following the description in the third paragraph from the bottom of page 20 in the current version of ISSAI 140.

- 41) Quality objectives associated with SAI resources may include:
- a. personnel are recruited, trained, and retained who have the competence and capabilities to perform engagements of a consistently high quality and carry out responsibilities related to the operation of the SAI's system of quality management;
  - b. personnel develop and maintain the appropriate competence to perform their roles, are assessed and held accountable for that, or recognized through timely promotions and other incentives;
  - c. individuals assigned to engagements or to perform activities within the system of quality management have appropriate competence and capabilities, including sufficient time, to perform their duties;
  - d. appropriate technological resources (typically IT applications, infrastructure and processes) are obtained or developed, implemented, maintained, and used to enable the operation of the SAI's system of quality management and the performance of engagements;
  - e. appropriate intellectual resources (e.g. methodologies, guides, standardized documentation, databases, etc.) are obtained or developed, implemented, maintained, and used to enable the operation of the SAI's system of quality management and the consistent performance of high quality engagements;
  - f. human, technological, or intellectual resources are obtained from external service providers are appropriate when the SAI does not have sufficient or appropriate ones to enable the operation of for use in the SAI's system of quality management and the performance of in performing engagements.

(Comment on Para. 41)

“when the SAI does not have sufficient or appropriate ones to enable the operation of the SAI's system of quality management and the performance of engagements” should be added in f. to limit the case where SAI obtains resources from external service providers. This is because human, technological, or intellectual resources necessary for the operation of the SAI's system of quality management and the performance of engagements basically come from SAI's internal resources as mentioned above from a. to e. Furthermore, ISQM 1 mentions that “Individuals are obtained from external sources when the firm does not have sufficient or appropriate personnel to enable the operation of firm's system of quality management or performance of engagements” in Para. 32. (c).

- 46) The following matters may assist a SAI in assessing the conditions, events, circumstances, actions or inactions that could adversely affect the achievement of its quality objectives, and how these risks may materialize:
- a. complexity and other attributes of the SAI's organizational and operating environment;
  - b. the SAI's strategic and operational processes;
  - c. characteristics and management style of SAI leadership;
  - d. resources available to the SAI;
  - e. laws, regulations and the ISSAIs or other relevant standards~~professional standards~~ required in the environment in which the SAI operates;
  - f. any partnerships in the SAI operations;
  - g. the nature of engagements and other work that is performed by the SAI;
  - h. the types of reports that the SAI issues; and
  - i. the bodies that the SAI audits.

(Comment on Para. 46)

As mentioned in the comment on Para. 18, “the ISSAIs or other relevant standards” should be stipulated in e. to define professional standards in the context of SAI.

- 53) The following are examples of responses to quality risks that the SAI may design and implement to address quality risks:
- a. the SAI establishes policies and procedures for:
    - i. identifying, evaluating and addressing threats to compliance with the relevant ethical requirements; and
    - ii. identifying, communicating, evaluating and reporting of any breaches of the relevant ethical requirements and appropriately responding to the causes and consequences of the breaches in a timely manner;
  - b. the SAI obtains, at least annually, a documented confirmation of compliance with independence requirements from all personnel required by relevant ethical requirements to be independent;
  - c. the SAI establishes policies and procedures for receiving, investigating and resolving complaints and allegations about failures to perform its engagements in accordance with ~~the professional standards~~ ISSAIs or other relevant standards and applicable legal and regulatory requirements, or non-compliance with the SAI’s policies or procedures;
  - d. the SAI establishes policies and procedures that identify if and when an engagement quality review is an appropriate response to address one or more quality risks.<sup>3</sup> These policies and procedures may address matters such as, but not limited to:
    - i. identification of specific engagements or types of engagements that require engagement quality reviews;
    - ii. eligibility to serve as an engagement quality reviewer;
    - iii. impairment of the engagement quality reviewer’s eligibility to perform the engagement quality review; and
    - iv. performance of the engagement quality review.

(Comment on Para. 53)

As mentioned in the comment on Para. 18, “the ISSAIs or other relevant standards” should be stipulated in c. to define professional standards in the context of SAI.

- 54) The SAI shall establish a monitoring and remediation process to:
- a. provide relevant, reliable and timely information about the implementation and operation of the system of quality management;
  - b. identify potential deficiencies in the design and operation of the system of quality management;
  - c. take appropriate action to respond to identified deficiencies such that they are remediated on a timely basis; and
  - d. enable it to assess compliance with ISSAIs or other relevant standards and applicable legal and regulatory requirements and with policies and procedures it has established to address quality risks.

(Comment on Para. 54)

“or other relevant standards and applicable legal and regulatory requirements” should be added in d. to assess compliance with them because as mentioned in the comment on Para. 2, there are SAIs not only conduct audits in accordance with the ISSAIs but also conduct audit in accordance with the national standards they have developed based on or are consistent with the principles of the ISSAIs of the hundred series, and SAI is also required to comply with

applicable legal and regulatory requirements. Furthermore, ISQM 1 mentions compliance with professional standards and applicable legal and regulatory requirements as a factor in determining the nature, timing and extent of the monitoring activities in Para. 37. (f).

63) To assist their monitoring and remediation process, SAIs may on a regular or more occasional basis seek feedback that can support the SAI in developing quality and quality management over time. Such feedback may be obtained from follow-up reviews of recommendations or parties audited by the SAI or users of the SAI's audit reports or through peer reviews or tools provided by INTOSAI, such as the SAI Performance Measurement Framework. A peer review may involve engaging another SAI, or other suitable body, to carry out an independent review of the system of quality management.

(Comment on Para. 63)

As mentioned in the comment on Para. 40, ISQM 1 that Exposure Draft of ISSAI 140 based on basically assumes assurance engagements where procedures of making recommendations to the audited entity are usually not required. While on the contrary, ISSAI 300 defines ISSAI' performance audit as non-assurance engagements in Para. 21, and ISSAI 3000 requires that "the auditor shall provide constructive recommendations that are likely to contribute significantly to addressing the weaknesses or problems identified by the audit, whenever relevant and allowed by the SAI's mandate" in Para. 126. Therefore, "follow-up reviews of recommendations" should be added to set feedback associated with performing non-assurance engagements by following the description in the third paragraph from the bottom of page 22 in the current version of ISSAI 140.

**Newly added Paragraph below Para. 64**

When the SAI's work is contracted out, it is recommendable for the SAI to make the contracted external service providers confirm that they have effective systems of quality management in place and that they should conduct the contracted work(s) in an impartial manner paying due attention to the necessity of avoiding any conflict of interest. This is because the SAI is responsible for its system of quality management even when the SAI uses resources from external service providers.

(Comment on newly added Paragraph below Para. 64)

"When the SAI's work is contracted out, it is recommendable for the SAI to make the contracted external service providers confirm that they have effective systems of quality management in place and that they should conduct the contracted work(s) in an impartial manner paying due attention to the necessity of avoiding any conflict of interest. This is because the SAI is responsible for its system of quality management even when the SAI uses resources from external service providers." should be newly added below Para. 64 by referring to the description in the second paragraph from the top of page 22 in the current version of ISSAI 140.

This is because Exposure Draft of ISSAI 140 assumes that the SAI uses resources from external service providers in f. of Para. 41. On the other hand, it does not contains external service providers' systems of quality management in the scope of monitoring process even though the effectiveness of their systems of quality management could affect the service recipient SAI's system of quality management and the performance of engagements.

Furthermore, ISQM 1 supposes that the firm is responsible for its system of quality management even when the firm uses resources from a service provider as it mentions that "Even when the firm complies with network requirements or uses network services or resources from a service provider, the firm is responsible for its system of quality management" in Para. 11.

<b>Name of the organisation</b>	<b><i>Chamber of Accounts of the Kyrgyz Republic</i></b>
<b>Date</b>	<i>3 May 2023</i>

Dear colleagues,

The Chamber of Accounts of the Kyrgyz Republic has no suggestions and comments on the draft ISSAI 140 "Quality Management for SAIs".

We highly appreciate your work and the efforts you have put into this project. We look forward to further cooperation and are ready to provide any necessary support. with best regards,

Akmataly kyzy Gulzara

Leading Specialist

Department for Legal Support, Appeal Work and International Cooperation

The Chamber of Accounts of the Kyrgyz Republic

<b>Name of the organisation</b>	<b><i>National Audit Office of Lithuania</i></b>
<b>Date</b>	<i>2023-06-21</i>
<b>Paragraph</b>	<b>Comments</b>
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<b>5</b>	<p>Paragraph 5 states that “The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management when claiming compliance with the ISSAIs. ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1. The principles of the latter are adapted as necessary to apply to SAIs and the public sector context in which they work”.</p> <p>However, neither ISSAI 140 nor ISSAI 100 clearly state whether ISQM 1/2 is directly applied by the SAI, or whether SAI may not apply the provisions of ISQM 1/2 and in which cases and may be limited only to the provisions provided in ISSAI 140 (for example, explanations of how ISSAI 140 should be applied in the case of a financial audit are provided in ISSAI 2000 paragraph: 1-4; 8-10). In addition, it is not clear whether the ISQM 1/2 provisions/requirements not mentioned in ISSAI 140 should be directly applied by the SAI or whether they are not applicable/mandatory. To avoid confusion, it would be appropriate to define this clearly in ISSAI 140.</p> <p>In our opinion, ISSAI 140 should define all requirements that must be applied by SAI, and which should be presented in maximum detail, clearly and understandably for all, thus leaving no doubt on the application of ISQM 1/2 provisions and their scope. In other words, ISSAI 140 should provide all applicable and necessary information and that there would be no additional need to refer to ISQM.</p>
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<b>13</b>	<p>The definition of "Engagement quality review" (paragraph 13) states that it is an objective assessment of the significant judgment made by the engagement team and is completed by the date of the audit report.</p> <p>In our view, it would be appropriate to specify the definition by stating that it is a review of an ongoing task. Also, since it is indicated that the assessment is performed only for "significant judgments", it would be appropriate to clearly specify that the purpose of this assessment is not to evaluate the entire engagement(s), but only significant ones (for example ISQM 2 - paragraph 8: Engagement quality review is not intended to be an evaluation of whether the entire engagement complies with professional</p>

	standards and applicable legal and regulatory requirements, or with the firm's policies or procedures.).
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<b>36</b>	<i>Type your comments here</i>
<b>37</b>	<i>Type your comments here</i>
<b>38</b>	<i>Type your comments here</i>
<b>39</b>	<i>Type your comments here</i>
<b>40</b>	<p>Paragraph 40 g. states "engagement documentation is assembled on a timely basis after the date of the audit report and is appropriately maintained and retained to meet the needs of the SAI and to comply with law, regulation, relevant ethical requirements, and professional standards".</p> <p>In our opinion, in the ISSAI 140, it would be useful/necessary to provide provisions on regulating the completion of the final audit file (for example ISQM 1 - A83) and the retention and maintenance of engagement documentation (for example ISQM 1 - A84).</p>
<b>41</b>	<i>Type your comments here</i>
<b>42</b>	<i>Type your comments here</i>
<b>43</b>	<i>Type your comments here</i>
<b>44</b>	<i>Type your comments here</i>
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<b>48</b>	<i>Type your comments here</i>
<b>49</b>	<i>Type your comments here</i>
<b>50</b>	<i>Type your comments here</i>

<b>51</b>	<i>Type your comments here</i>
<b>52</b>	<i>Type your comments here</i>
<b>53</b>	<p>Paragraph 53d. states that "the SAI establishes policies and procedures that identify if and when an engagement quality review is an appropriate response to address one or more quality risks " and provides a footnote that "More information can be found in ISQM 2, International Standard on Quality Management 2 <i>Engagement Quality Reviews</i>".</p> <p>In our opinion, such provision of information/footnote creates uncertainty as to whether the related provisions specified in ISQM 2 are mandatory for SAI, and it is not clear to what extent they should be applied. Therefore, these requirements either should be clearly developed and presented in ISSAI 140, or a separate guideline should be developed for this purpose, but in any case, clearly noting this in ISSAI 140.</p>
<b>54</b>	<i>Type your comments here</i>
<b>55</b>	<i>Type your comments here</i>
<b>56</b>	<p>In accordance with paragraph 56, the process of monitoring the quality management system and remedying identified deficiencies, shall include reviews of completed engagements based on established criteria for selecting engagements for review. In accordance with paragraph 65, the evaluation of effectiveness of the system of quality management shall cover a defined period and be performed at least annually.</p> <p>It is not clear whether, according to these provisions, in order to assess the effectiveness of the quality management system, the completed engagement, as one of the elements of the system evaluation, should be reviewed/evaluated every year or still depending on the risks it can be reviewed less frequently?</p> <p>In our view, the provisions should be specified and presented more clearly in this respect. It would also be appropriate to clarify and provide a provision as to whether the completed engagement must be evaluated in its entirety, or whether it may not be evaluated in its entirety, but only in some elements, for example, only certain significant elements?</p>
<b>57</b>	<i>Type your comments here</i>
<b>58</b>	<i>Type your comments here</i>
<b>59</b>	<i>Type your comments here</i>
<b>60</b>	<i>Type your comments here</i>
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<b>67</b>	<i>Type your comments here</i>
<b>68</b>	<i>Type your comments here</i>
<b>69</b>	<i>Type your comments here</i>
<b>70</b>	<i>Type your comments here</i>

Name of the organisation	<b>Netherlands Court of Audit</b>
Date	20 June 2023

Paragraph	Comments
1	No comments.
2	<b>We suggest that a definition of the term “reasonable assurance” (used in this paragraph) be included in Chapter 4, Definitions.</b> <i>Explanation: The project team decided not to include a definition of the term reasonable assurance because it is defined in ISSAI 100. But no footnote or reference to ISSAI 100 is made in the text. We think it might be helpful to include a definition of this term in the Definitions section in light of the importance given to it (in both paragraph 2 and 8), and the stand-alone readability and usability of ISSAI 140. For comparison, references to other standards are included in the text with regard to such terms as independence and ethical requirements.</i>
3	No comments
4	<b>See our comments on paragraph 9.</b>
5	No comments
6	No comments
7	No comments
8	<b>We suggest that a definition of the term “reasonable assurance” (used in this paragraph) be included in Chapter 4, Definitions.</b> <i>Explanation: Please see our comments on paragraph 2.</i> <b>We suggest difference between “continuance of engagements” and “performing engagements” be clarified.</b>
9	<b>We suggest that the relationship between the message of this paragraph and the message of paragraph 4 (and other paragraphs) be further clarified to allow for flexibility and scalability.</b> <i>Explanation: Paragraph 9 states that “The SAI must comply with all organisational requirements of this standard in order to be able to assert that it has conducted audits in accordance with the ISSAIs”. Paragraph 4 states that “The standard allows for appropriate flexibility in the application of the organisational requirements, to cater for specific considerations that are unique to each SAI”. This could be confusing for SAIs and therefore we suggest these points be clarified.</i>
10	No comments
11	No comments
12	No comments
13	No comments
14	<b>We suggest that part of the definition of engagement quality reviewer be clarified and another part removed.</b> <i>Explanation: We suggest to clarify that an objective assessment means that the engagement quality reviewer can’t be a member of the engagement team (see ISQM 1 paragraph 18).</i> <i>Furthermore, the definition of engagement quality reviewer on page 8 states that this reviewer can be either internal or external. In our experience engagement quality reviews are carried out before publication of the audit report by persons outside the audit/engagement team but within the SAI. Given the confidential nature of certain information SAIs work with and the requirements that these types of reviewers should meet,</i>



*we doubt whether it is really an option to outsource this type of review to a person outside the SAI.*

15

*No comments*

16

*No comments*

17

***We propose that the definition of the term “Head of SAI”, be further clarified, and a definition of the term “leadership” be included.***

*Explanation: The definition of the term Head of SAI uses the wording “who lead or manage the institution”. This wording suggests that the leadership and the management of the institution are two separate activities that are executed by different persons. But it is not clear who exactly are meant. Does “leader” refer to the Auditor General/Board or to the highest ranking executive officer within the SAI? Furthermore, the word “leadership” is used in several places throughout the text (e.g. paragraphs 31, 36b, 36c 46c), but it is not always clear to whom this term refers.*

*We think it would help SAIs if it were made clear exactly who or what is meant by “Head of SAI”, “leadership” and “management”. We believe this is in the spirit of ISQM 1, which does indicate (in paragraph 20a) who is meant by the person with ultimate responsibility and accountability for the firm’s quality management system, which is the firm’s chief executive officer or the firm’s managing partner or equivalent. In our opinion, the equivalent within SAIs is the highest ranking executive officer.*

*We believe that explaining exactly who is meant is consistent with the increased emphasis that ISQM 1 (and hence this revised ISSAI) places on assigning responsibilities and holding those responsible accountable. This is not possible if it is not clear who is meant to assume these responsibilities in the specific context of a SAI.*

18

***We suggest that the last part of the definition of quality, which refers to satisfying stakeholders’ needs, be rethought.***

*Explanation: Quality is defined in this paragraph as: “The extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders’ needs”. Given that ISQM 1 does not include a definition of quality we assume that the project team has made up this definition.*

*Naturally, SAIs should reach out to stakeholders and be aware of stakeholders’ needs and expectations. But we have doubts about including stakeholder satisfaction in the definition of quality. The reasons behind these doubts are:*

*(1) SAIs have a large number of stakeholder groups, which all have their needs and expectations regarding the work performed and the reports issued by the SAI. These needs and expectations can be conflicting, which is also acknowledged in the literature on SAIs. Therefore satisfying all stakeholder needs (and at the same time) does not seem to be a feasible goal for a SAI.*

*(2) In addition, it may be asked whether SAIs can and should strive to satisfy all stakeholder’s needs given that in many cases they provide an involuntary service/product (rather than a requested or desired service/product) to certain stakeholders, especially to auditees. An audit report can be of high technical quality (well written, substantiated and so on) and of strategic quality (i.e. concern a relevant subject and be issued on*

a timely basis), but that does not alter the fact that an audit report might not be well received by auditees because it reveals deficiencies and brings problem areas to light and/or raises questions from Parliament to the responsible minister, and that auditees are therefore not satisfied with it. (3) A SAI's audits could lead to conclusions and recommendations that do not meet the expectations and needs of specific stakeholders (e.g. interests groups).

19 **No comments**

20 **No comments**

21 **No comments**

22 **We suggest that the number of references to the changing nature and circumstances of SAIs be rethought.**

*Explanation: We noticed that in this paragraph, and over 10 times in the text as a whole, reference is made to "the changing nature and circumstances" of the SAI. This is of course something SAIs should continually consider, but it seems a bit much to mention it so often, also in light of the fact that there are fewer references to this in ISQM 1 itself. An analysis of the SAI's environment could also be part of its risk assessment process as referred to in paragraph 24.*

23 **We suggest that who is meant by the term "Head of SAI" (used in this paragraph) be clarified by expanding the definition of this term in Section 4, Definitions**

*Explanation: Please see our comments on paragraph 17.*

24 **We propose that the wording of this paragraph be rethought.**

*Explanation: The first part of the sentence reads: "The SAI shall design and implement a risk assessment process to establish quality objectives, identify and assess quality risks [...]". We know that this wording is derived directly from ISQM 1, paragraph 23, but it is confusing as it could suggest that risk assessment should take place before quality objectives are set.*

*No comments*

26 **We suggest to clarify that "culture" refers to the culture within the SAI.**

*Explanation: The current sentence simply states "culture" and this does not clarify which culture is meant. Although this term is defined in the definitions section, we think it would be clearer if it were mentioned in this paragraph that it refers to the culture within the SAI.*

27 *No comments*

28 **We suggest that who is meant by the term "Head of SAI" (used in this paragraph) be clarified by expanding the definition of this term in Section 4, Definitions**

*Explanation: Please see our comments on paragraph 17.*

**We suggest that paragraph 28 be split into three paragraphs, instead of the current two, to be consistent with ISQM 1.**

*Explanation: In our opinion, the current wording of paragraph 28 can be confusing and is not entirely consistent with ISQM 1. Paragraph 20 of ISQM 1 makes a clear distinction into three paragraphs (20a, b and c) with regard to responsibilities for the quality management system, which in our opinion is formulated more clearly and makes a better distinction between the various levels of responsibility (e.g. ultimate responsibility and accountability for the quality management system, operational responsibility for the quality management system, and operational responsibility for specific aspects of the quality management system,*

including compliance with independence requirements and the monitoring and remediation process). In our opinion, this distinction is also important in light of the monitoring and remediation process and the evaluation of the quality management system. Please also see our comments on paragraph 64.

- 29 **We strongly suggest that a sentence or paragraph (either in this paragraph and/or in the section on the monitoring process) be added about the objectivity of the individuals responsible for the monitoring process, to be consistent with ISQM 1 and not set the bar lower than the current ISSAI 140.**  
*Explanation: This paragraph states, consistent with ISQM 1, paragraph 39a that individuals to whom certain responsibilities are assigned should have the appropriate experience, knowledge, influence and authority, and sufficient time to fulfil them to the required standard, and that they should understand the roles to which they are assigned and how they are accountable.*  
*But another important aspect mentioned in ISQM 1, paragraph 39b has not been included, neither here nor in the section on the monitoring process. ISQM 1, paragraph 39b reads: “The firm shall establish policies or procedures that address the objectivity of the individuals performing the monitoring activities. Such policies or procedures shall prohibit the engagement team members or the engagement quality reviewer of an engagement from performing any inspection of that engagement”. In comparison, this aspect is included in the current ISSAI 140 (page 21, point c) as “The monitoring process should require that those carrying out the review are independent (i.e. they have not taken part in the work or any quality control review of the work)”. We strongly suggest that the requirement from ISQM, paragraph 39b be included here and/or in the section on the monitoring process (page 22-24), as we believe objectivity is an essential precondition for the monitoring process.*
- 30 No comments
- 31 **We suggest that the last part of the definition of quality, which refers to satisfying stakeholders’ needs, be rethought.**  
*Explanation: Please see our comments on paragraph 18.*  
**We suggest that who is meant with the term “leadership” (used in this paragraph) be clarified by including a definition of this term in Section 4, Definitions.**  
*Explanation: Please see our comments on paragraph 17.*
- 32 No comments
- 33 No comments

- 34 **We propose that a definition of the term “professional standards” (used in this paragraph) be included in section 4, Definitions.**  
*Explanation: The project team has decided not to include a definition of the term professional standards, as it is assumed to be self-explanatory. However, ISQM 1 does contain a definition of this term. Considering that the term is used 6 times in the text, is used in the definition of the term “quality” and confusion may arise with the standards that are part of the IFPP, we propose that a definition of the term be included.*
- 35 *No comments*
- 36 **We suggest that who is meant with the term “leadership” (used in paragraph 36b and 36c) be clarified by including a definition of this term in Section 4, Definitions.**  
*Explanation: Please see our comments on paragraph 17.*
- 37 *No comments*
- 38 **Given the fact that not all SAIs accept all engagements, we suggest that the wording of this paragraph be changed to “...the SAI will normally accept and/or initiate and continue engagements”**
- 39 *No comments*
- 40 **We suggest that the wording of paragraph 40e be changed.**  
*Explanation: Paragraph 40e does not state that differences of opinion within the SAI should be resolved before publication. We know this is also not stated in the corresponding point of ISQM 1 (paragraph 31e) but it is included in the current ISSAI 140 (page 20), and we believe it is relevant to resolve differences before a report is issued by a SAI.*  
**We also suggest that paragraph 40f be rethought because it is not clear what is meant by the term “appropriate”, and it is questionable whether audit reports should and can satisfy stakeholders’ needs.**  
*Explanation: It is not clear what is meant by the term “appropriate”. ISQM 1, paragraph 14 refers to “appropriate given the circumstances”, but that is also not elaborated upon. The current ISSAI 140 refers to timely publication of the audit report and clearly states the reason why timeliness is important to SAIs. Similar motivation seems to be missing here. Please see our comments on paragraph 18 for our reasons to doubt the use of the wording “satisfy stakeholders’ needs”.*
- 41 *No comments.*
- 42 **We suggest that the wording of paragraph 42c be changed.**  
*Explanation: Paragraph 42c uses the wording “personnel and engagement teams communicate to the SAI”. It is not clear who is meant here by “the SAI”. Or should it be “to the relevant individuals within the SAI”?*
- 43 *No comments*
- 44 **We propose that the wording of this paragraph be changed.**  
*Explanation: We believe the message of this paragraph could be written more directly and therefore more clearly, e.g. “SAIs shall periodically update their assessment of quality risks in response to possible changes in the nature and circumstances of the SAI or its engagements”.*
- 45 *No comments*
- 46 **We suggest that who is meant by the term “leadership” in this paragraph be clarified by including a definition of this term in Section 4, Definitions.**  
*Explanation: Please see our comments on paragraph 17.*
- 47 *No comments*
- 48 *No comments*
- 49 *No comments*

50 No comments  
 51 No comments  
 52 No comments

53 **We believe that engagement quality reviews are an integral part of a SAI's quality management system and suggest that this topic be raised to the level of requirements.**

*Explanation: Engagement quality reviews are mentioned only in the application guidance, not in the requirements of the proposed ISSAI 140. The wording in the proposed ISSAI 140 ("examples", "the SAI may...") also suggests that these types of review are optional, rather than required. This seems to suggest that the bar has been lowered compared to the current ISSAI 140 and ISQM 1. The current ISSAI 140 requires that "policies and procedures shall include review responsibilities" and that "SAIs should recognise the importance of engagement quality control reviews for their work". ISQM 1, paragraph 2 states that "engagement quality reviews form part of the firm's quality management system" and paragraph 26 and 34f state that this type of review is a required response that has to be included. Furthermore, ISSAI 100 (the current and proposed version) also states that reviews should be performed (ISSAI 100, paragraph 40 "Quality management procedures should cover matters such as the direction, review and supervision of the audit process [...]"*

**We believe that development of guidance in the form of a GUID is needed (see also our response to question 1 in the explanatory memorandum), also with regard to engagement quality reviews as mentioned in this paragraph.**

*Explanation. In the proposed ISSAI 140 only this paragraph is dedicated to this topic. SAIs are directed to ISQM-2 via a footnote for further information. Given the fact that ISQM 2 is not tailored to SAIs, this could lead to confusion and difficulties. In our opinion, it would be better – in time – to refer to a specialised GUID for SAIs for the application of this and other requirements in ISSAI 140.*

54 **We suggest that "the design" be added to paragraph 54a and "the implementation" to paragraph 54b, because they are relevant and consistent with the wording in ISQM 1.**

**We also suggest including, consistent with ISQM-1, that the monitoring process could also focus on positive outcomes (and not just deficiencies) as positive outcomes can also help to improve and/or further enhance the quality management system.**

*Explanation: This paragraph (as well as the entire section on the monitoring process) focuses on deficiencies only. But in our experience, lessons can also be learned from things that go well. We believe it has added value to keep an eye out for positives in the monitoring process and not just negatives. The explanatory material of ISQM 1 (e.g. paragraphs A15, A158, A169) does consider positive outcomes or opportunities for the firm to improve, or further enhance the quality management system. ISQM 1, paragraph A169 also states that in addition to investigating the root*

*cause(s) of identified deficiencies, the firm may also investigate the root cause(s) of positive outcomes as doing so may reveal opportunities for the firm to improve, or further enhance, the system of quality management.*

**55** ***We propose that a sentence or paragraph be added (either in the application material of this section on the monitoring process or in paragraph 29) about the objectivity of the individuals responsible for the monitoring process, to be consistent with ISQM-1 and not to set the bar lower than the current ISSAI 140.***

*Explanation: Please see our comments on paragraph 29.*

**56** *No comments.*

**57** *No comments*

**58** ***Regarding paragraph 58a: Please see our comments on paragraph 55 regarding consideration for positive outcomes (and not just deficiencies) in the monitoring process.***

**59** *No comments*

**60** *No comments*

**61** *No comments*

**62** *No comments*

**63** ***We suggest that “independent academic review” be included as a potential source of external feedback, as it is relevant and consistent with the current ISSAI 140.***

*Explanation: We think that independent academic review is a relevant and widely used source of independent feedback for SAIs on the quality of the work performed and the audit reports issued. This source is listed in the current ISSAI 140, but not in the exposure draft.*

*We also suggest that the wording of the sentence regarding peer reviews be changed, as it is not consistent with GUID 1900 Peer Review Guidelines regarding who can perform a peer review. We also suggest inclusion of a footnote to this guideline.*

*Explanation: The sentence in paragraph 63 reads: “A peer review may involve engaging another SAI, or other suitable body, to carry out an independent review of the system of quality management”. This seems to indicate that non-SAI institutions could perform a peer review by themselves. The peer review guidelines (section 2 Definition, paragraph 1) specifically state that a peer review is “an external and independent review of one or more elements of the organisation and/or operation of a SAI by a team of professional peers from one or more SAIs”. A footnote explains that: “in particular cases, the reviewed SAI may also consider including experts from non-SAI institutions”. So according to the guideline, non-SAI institutions cannot be the sole reviewer in a peer review. We therefore suggest that the wording of the sentence in the exposure draft be rewritten.*

64

**We propose the inclusion of the direct line of communication between the individuals responsible for e.g. the monitoring process and the person with the ultimate responsibility and accountability for the quality management system, to remain consistent with ISQM 1 and not to set the bar lower than the current ISSAI 140.**

*Explanation: This paragraph has a very general nature and does not specify who should send what to whom. Furthermore, the direct line of communication that is included in ISQM 1, paragraph 22 is not mentioned here. ISQM 1, paragraph 22 reads: "The firm shall determine that the individual(s) assigned operational responsibility for the system of quality management, compliance with independence requirements and the monitoring and remediation process, have a direct line of communication to the individual(s) assigned ultimate responsibility and accountability for the system of quality management".*

*Furthermore, ISQM 1, paragraph 46 provides more detailed requirements on what should be communicated: "The individual(s) assigned operational responsibility for the monitoring and remediation process shall communicate on a timely basis to the individual(s) assigned ultimate responsibility and accountability for the system of quality management and the individual(s) assigned operational responsibility for the system of quality management: (a) a description of the monitoring activities performed, (b) the identified deficiencies, including the severity and pervasiveness of such deficiencies, and, (c) the remedial actions to address the identified deficiencies".*

*Lastly, this direct line of communication is also included in the current ISSAI 140 page 22: "SAIs should ensure the results of the monitoring of the system of quality control are reported to the Head of the SAI in a timely manner, to enable the Head of SAI to take appropriate action".*

*In our experience, this direct line of communication is essential and we therefore suggest that a paragraph similar to ISQM 1, paragraph 22 and 46 be included in the application material of the revised ISSAI 140.*

**We also suggest that a clearer distinction be made between those operationally responsible for the monitoring process and for making recommendations for remediation and the persons who are operationally responsible for the quality management system and the actual remediation of deficiencies.**

*Explanation: We suggest that a clearer distinction be made because the current wording of paragraph 64 may lead to confusion about who is responsible for the communication of identified deficiencies and for making recommendations for remediation on the one hand, and those responsible for elements of the quality management system on the other. We understand that the exposure draft would like to allow these responsibilities to be executed by the same person at small SAIs, but in practice there is a clear distinction between the two at a lot of SAIs. This is e.g. because the monitoring process can also identify deficiencies regarding the persons who are responsible for elements of the quality management system (e.g. an audit director who does not fulfil his/her assigned responsibilities). ISQM 1 also makes a clear distinction between the two operational responsibilities, see our comments on paragraph 28.*

- 65 **We suggest that the word “ultimate” be included between “assigned” and “responsibility and accountability”.**  
*Explanation: We suggest this addition so that the exposure draft is consistent with ISQM 1, paragraph 23 and to prevent confusion with those assigned with operational responsibilities for the quality management system.*  
*We also suggest that “annual evaluation” be changed to “periodic evaluation”.*  
*Explanation: We support the thinking behind the requirement to evaluate the quality management system on an annual basis and we know that this requirement is derived directly from ISQM 1. But in our opinion, this requirement as a whole may be a very onerous for small and even medium-sized SAIs. Are they able to evaluate and conclude on the entire quality management system and does annual evaluation have added value? Paragraph 66 allows for some flexibility but is that enough for small or medium-sized SAIs? Furthermore, in our experience it could take longer than 1 year to remedy deficiencies in the design and operation of a quality management system. An annual evaluation would perhaps find little change. Lastly, many SAIs will also periodically ask peers to perform a peer review and the quality management system is a recurring topic in many peer reviews. This could perhaps lead to “evaluation overload” at some SAIs. We would therefore like to suggest that change “annual evaluation” be changed to periodic evaluation” so that SAIs can decide on the frequency that suits them best.*
- 66 **We suggest that this paragraph be reworded to reflect that the individual(s) responsible for the evaluation may be assisted by other individuals but that they still remain responsible and accountable for the evaluation.**  
*Explanation: The sentence beginning “In smaller SAIs” in this paragraph states that the person(s) performing the evaluation may be directly involved in the monitoring and remediation process. In our opinion, this wording could lead to confusion about the responsibilities for the evaluation. We therefore suggest that this paragraph also state that the individual(s) who are ultimately responsible may be assisted by other individuals in performing the evaluation, (e.g. by the persons operationally responsible for the monitoring and remediation process) but that they still remain responsible and accountable for the evaluation. This suggested wording is consistent with the wording in ISQM 1 (e.g. paragraph A187).*
- 67 **We suggest that the word “ultimate” be included before “responsibility and accountability” to be consistent with ISQM-1 and paragraph 23.**
- 68 No comments
- 69 No comments
- 70 No comments



<b>Name of the organisation</b>	<b>Office of the Auditor General of Norway</b>
<b>Date</b>	15.06.23
<b>Paragraph</b>	<b>Comments</b>
1	
2	<i>Suggestion to add two words: The ISSAIs <u>aim to</u> promote independent and effective auditing by SAIs,...</i>
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4	<i>Comment: We would nevertheless like to emphasise the importance of clarifying the status the purpose and status of "application material".</i>
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25	<i>Comment: The term 'sufficient quality' may generate internal, less fruitful discussions on what is deemed sufficient or not. May we suggest changing the sentence along these lines; "that the SAI (...) is able to carry out quality audit work in accordance with the ISSAIs."</i>
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<b>38</b>	<i>Comment to 38 c): May we suggest adding an explicit reference to necessary competencies, along with time and resources, as a prerequisite for the acceptance of engagements.</i>
<b>39</b>	
<b>40</b>	
<b>41</b>	<i>Comment to 41 a): May we suggest adding an explicit reference to appropriate (or necessary) competencies in this paragraph.</i>  <i>Comment to 41 b): personnel develop and maintain the appropriate competence to perform their roles, <u>as outlined in ISSAI 150</u>, are assessed and held accountable for that, or recognised through timely promotions and other incentives.</i>  <i>Comment to 41, e) and f): May we suggest that "support tools and material" replace intellectual resources, as the latter rather refers to individual character qualities.</i>
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<b>53</b>	<i>Comments to 53 b)  The proposal is an annual statement of independence for staff members. We suggest that the independence declaration and documentation could also be made for each audit engagement.  We may suggested to include "and/or each engagement" in the sentence.</i>
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<b>65</b>	<p><i>We propose the following amendment to the text:</i></p> <p><i>"The person or persons assigned responsibility and accountability for the system of quality management shall evaluate the system and conclude on the extent to which its objectives are being achieved. The evaluation shall cover a defined period and be performed at regular intervals, at least every third year.</i></p> <p><i>Depending on the system's complexity and stability, the evaluation can be a simple review and does not necessarily have to be a full evaluation."</i></p>
<b>66</b>	
<b>67</b>	<p><i>Comment to 67 b):</i></p> <p><i>As learning and development is an important part of quality management, it could be useful to include learning, improvement and/or development as an element under the results listed in b.</i></p>
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<b>Name of the organisation</b>	<i>Canada</i>
<b>Date</b>	<i>21.06.23</i>

INTOSAI Professional Standards Committee ISSAI 140 working group

**Re: Exposure Draft - ISSAI 140 Quality Management for Supreme Audit Institutions (SAIs) and related revision of ISSAI 100 – Fundamental Principles of Public Sector Accounting**

Thank you for the opportunity to provide feedback on the above Exposure Draft. I am responding on behalf of the Office of the Auditor General of Canada.

Our response to the specific questions posed in the Exposure Draft is provided below. Responses may be limited to questions of relevance to our Office and public sector audit.

## **Annex**

### **Comments on ISSAI 140:**

1. Paragraph 8 (Page 6): We noticed that the operational requirement to establish a system of quality management in paragraph 22 (Page 10) uses the terminology “design, implementation and operation of the system of quality management” while in paragraph 8, the terminology “establish and maintain” is used. This is inconsistent use of terminology.

2. Paragraph 19 (Page 8): Definition of quality objectives - Quality objectives are desired outcomes to be achieved by the SAI in relation to the components of the system NOT to be achieved by the components of the system of quality management. The concept of the SAI’s responsibility should be emphasized here as it is the SAI who is responsible to achieve the quality objectives.

3. Paragraph 22 (Page 10): To be consistent with paragraph 33, the wording “or changes in its engagements” should be added.

“The SAI shall design, implement, and operate a system of quality management taking into account the changing nature and circumstances of the SAI or changes in its engagements.”

4. Paragraph 28 (Page 11): This paragraph should be a requirement.

5. Paragraph 67 (Page 25): This paragraph refers to one person (uses the singular for the word “person”) being assigned responsibility and accountability for the system of quality management while paragraph 65 refers to more than one person (the person or persons) being assigned responsibility and accountability for the system of quality management. This is inconsistent.

Name of the organisation	<b>Contraloría General de la República del Perú</b> <b>(Office of the Comptroller General of the Republic of Peru)</b>
Date	19/06/2023
<b>Paragraph</b>	<b>Comments</b>
<b>1</b>	Type your comments here
<b>2</b>	Type your comments here
<b>3</b>	Type your comments here
<b>4</b>	Type your comments here
<b>5</b>	Type your comments here
<b>6</b>	Type your comments here
<b>7</b>	Type your comments here
<b>8</b>	Type your comments here
<b>9</b>	Type your comments here
<b>10</b>	Type your comments here
<b>11</b>	<p>It is suggested to add the following paragraphs:</p> <p>e. The feedback of the evaluations to the quality management system is not considered.</p> <p>f. Product (engagement) quality standards are not met.</p>
<b>12</b>	Type your comments here
<b>13</b>	<p>It is suggested to define "Audit Report".</p> <p>Also, with respect to the definition of <b>Engagement Quality Review</b>, the following questions arise: Is the engagement quality review only performed on the significant judgments made by the engagement team and the conclusions reached, and are no other quality standards identified for the engagement?</p>
<b>14</b>	Type your comments here
<b>15</b>	Type your comments here
<b>16</b>	Type your comments here
<b>17</b>	Type your comments here
<b>18</b>	Type your comments here
<b>19</b>	Type your comments here
<b>20</b>	Type your comments here
<b>21</b>	<p>It is suggested to modify the definition of preventive risks, eliminating "directed at the root cause of the risk", as follows:</p> <p>Preventive: designed and implemented to prevent the risk from occurring.</p> <p>It is suggested that " aimed at the root cause of the risk" be included in the definition of corrective risks, as follows:</p> <p>Corrective: designed and implemented to mitigate the effects of a risk that has occurred and to prevent its recurrence, <b>directed at the root cause of the risk.</b></p>
<b>22</b>	It is suggested to add the sentence highlighted in bold:

	<i>"The SAI shall design, implement, and operate a system of quality management taking into account the changing nature and circumstances of the SAI; <b>as well as the political, economic and social environment</b>. The system shall cover all types of engagements covered by the ISSAIs and may also cover jurisdictional and other activities carried out by the SAI. The system shall be integrated into the SAI's operational activity."</i>
<b>23</b>	<i>Type your comments here</i>
<b>24</b>	<i>It is indicated that the SAI should design and implement a risk assessment process to <b>establish quality objectives</b>. It is suggested to evaluate this content since the purpose of the risk assessment is not to establish objectives.</i>
<b>25</b>	<i>Type your comments here</i>
<b>26</b>	<i>Type your comments here</i>
<b>27</b>	<i>Mention is made of the purpose of the management system, which is developed in paragraph 31 (last 3 lines: The system of quality management serves to assure the SAI leadership that the audits are carried out in accordance with the ISSAIs that are applicable to the individual audits.).</i>  <i>It is suggested that the purpose of the management system be developed in paragraphs prior to paragraph 21.</i>
<b>28</b>	<i>The paragraph states " In smaller SAIs, all these responsibilities may be assigned to the same individual. "</i>  <i>It might be necessary to specify precisely which SAI would be considered "small"?</i>
<b>29</b>	<i>Type your comments here</i>
<b>30</b>	<i>Type your comments here</i>
<b>31</b>	<i>Type your comments here</i>
<b>32</b>	<i>Type your comments here</i>
<b>33</b>	<i>Type your comments here</i>
<b>34</b>	<i>Type your comments here</i>
<b>35</b>	<i>It is stated in the paragraph:</i>  <i>"When establishing quality objectives, it is advisable for the SAI to consider:</i> <i>a. the context of its work and how it impacts its quality objectives;"</i>  <i>In this regard, we consider that, being at the stage of establishing quality objectives, determining how it affects something that has not yet been established would not be appropriate.</i>
<b>36</b>	<i>In paragraphs b and c, mention is made of " leadership", however, in the definitions only the Head of the SAI is mentioned.</i>  <i>It is suggested to define " leadership" and if it is equivalent to the "Head of the SAI", to unify the terms in the document.</i>
<b>37</b>	<i>Type your comments here</i>
<b>38</b>	<i>Type your comments here</i>
<b>39</b>	<i>Type your comments here</i>
<b>40</b>	<i>Type your comments here</i>

41	<i>Type your comments here</i>
42	<i>Type your comments here</i>
43	<i>Type your comments here</i>
44	<p><i>It is suggested that the wording be supplemented with the highlighted text:</i></p> <p><i>“The SAI shall assess whether changes to quality risks are needed because of changes in the nature and circumstances of the SAI (<b>political, economic and social</b>) or its engagements.”</i></p>
45	<i>Type your comments here</i>
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	<p><i>It is suggested to include in Organizational Requirement 5 the paragraph of Element 6: Monitoring, of the version of ISSAI 140 that is currently in effect:</i></p> <p>...</p> <p><i>c) Requires that those involved in the review be independent (e.g. that they have not been involved in the work or any quality control review of the work).</i></p> <p><i>As this paragraph specifies the independence that the monitoring must have.</i></p> <p><i>Similar to the previous paragraph, it is suggested to include in the application material for Organizational Requirement 5, the paragraph from the application guidance for SAIs for Element 6: Monitoring, from the version of ISSAI 140 that is currently in force:</i></p> <p><i>SAIs should ensure that the system of quality control includes independent monitoring of the range of controls in the SAI (using staff who are not involved in performing the work).</i></p>
57	<i>Type your comments here</i>
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61	<i>Type your comments here</i>
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<b>68</b>	<i>Type your comments here</i>
<b>69</b>	<i>Type your comments here</i>
<b>70</b>	<i>Type your comments here</i>



<b>Name of the organisation</b>	<b><i>Supreme Audit Office of Poland (NIK)</i></b>
<b>Date</b>	<i>20 June 2023</i>
<b>Paragraph</b>	<b>Comments</b>
<b>1</b>	<i>Type your comments here</i>
<b>2</b>	<i>Type your comments here</i>
<b>3</b>	Consider replacing ‘ <i>reliability of public sector auditing</i> ’ with ‘ <i>quality and professionalism of public-sector auditing</i> ’ so as to make the reference to ISSAI 100 more precise.
<b>4</b>	<i>Type your comments here</i>
<b>5</b>	<i>Type your comments here</i>
<b>6</b>	<i>Type your comments here</i>
<b>7</b>	Assuming that GUIDs are also expected to be based on ISSAI 140, consider adding ‘ <i>and regarding particular subject matters</i> ’ at the end of the sentence.
<b>8</b>	Consider adding ‘ <i>planning</i> ’ or ‘ <i>designing</i> ’ in bullet 4 – it will often be critical for the quality of the whole engagement. This set of terms will be repeated several times across the whole document, and is suggested as a modified text of ISSAI 100.
<b>9</b>	<i>Type your comments here</i>
<b>10</b>	(1) The notion defined here is ‘ <i>organizational culture</i> ’ rather than ‘ <i>culture</i> ’ (which is much broader). (2) The list of terms as it is now actually means everything in an organisation which characterises a SAI. It would be more useful if it pointed out at the essence of ‘ <i>organizational culture</i> ’, so that the reader could understand the special meaning of quality management. First of all, organizational culture provides (or does not) ‘ <i>a consistency in outlook and values</i> ’ crucial for ‘ <i>processes of decision making, co-ordination and control</i> ’ [e.g. Gorman, 1987]
<b>11</b>	<i>Type your comments here</i>
<b>12</b>	<i>Type your comments here</i>
<b>13</b>	<i>Type your comments here</i>
<b>14</b>	<i>Type your comments here</i>
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<b>17</b>	<i>Type your comments here</i>
<b>18</b>	<i>Type your comments here</i>
<b>19</b>	<i>Type your comments here</i>
<b>20</b>	Can the quality risk affect achievement of quality objectives ‘ <i>adversely</i> ’ only? Possibly a broader scope of directions and side effects should be taken into account.
<b>21</b>	<i>Type your comments here</i>
<b>22</b>	<i>Type your comments here</i>
<b>23</b>	<i>Type your comments here</i>
<b>24</b>	<i>Type your comments here</i>

<b>25</b>	<i>Type your comments here</i>
<b>26</b>	This paragraph should be consistent with the above definition of organizational culture so as to make the reader understand how culture can be strong or weak.
<b>27</b>	<i>Type your comments here</i>
<b>28</b>	Regarding item b): supporting independence and taking part in monitoring are important elements of the task, but usually the most critical for ethics is to assure the quality of outputs in relation to the expected outcomes.
<b>29</b>	<i>Type your comments here</i>
<b>30</b>	<i>Type your comments here</i>
<b>31</b>	A risk exists that compliance can be obtained in a formal way, without consideration for the quality of outputs and final outcomes. Consider adding to this paragraph a phrase emphasizing that assuring compliance should be a concerted effort withing obtaining the SAIs' objectives.
<b>32</b>	'Planning' or 'designing' seems necessary between acceptance and initiation.
<b>33</b>	<i>Type your comments here</i>
<b>34</b>	<i>Type your comments here</i>
<b>35</b>	<i>Type your comments here</i>
<b>36</b>	Regarding item a): again, understanding of what should be demonstrated depends on the definition of 'organizational culture'.
<b>37</b>	<i>Type your comments here</i>
<b>38</b>	<i>Type your comments here</i>
<b>39</b>	It is independence of SAIs decisions related to acceptance, planning, initiation, and continuance of engagements that will often be crucial for the quality of an engagement. If acceptance of some stakeholders' requests is obligatory (which means reduced independence), other elements starting from planning and designing of an engagement, still remain areas of independent decisions, which should aim at obtaining the quality of the engagement.
<b>40</b>	All engagement related items (teams, supervision and review etc.) in this paragraph should be harmonized with ISSAI 100 which tells a lot about them. It is important that ISSAI 140 avoids repetitions on one hand and ambiguity on the other. For instance, 'documentation' is presented in ISSAI 100.44 in a clearer way and with more care about quality characteristics (clarity, detail level etc.). It would be beneficial if ISSAI 140 was clear about what is based on ISSAI 100, and what is added complementarily, or emphasised about quality. Regarding item f): satisfaction of stakeholders is a lot, but it is not the only factor that decides about quality. The key notion here is then 'appropriate' – possibly this could be described in more detail.
<b>41</b>	Consider harmonizing this paragraph with ISSAI 150, again to avoid repetitions and ambiguity.
<b>42</b>	<i>Type your comments here</i>
<b>43</b>	<i>Type your comments here</i>

44	<i>Type your comments here</i>
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47	<i>Type your comments here</i>
48	Continuing with the comment on paragraph 20: if a risk is <i>modifying</i> but not <i>affecting adversely</i> the engagement objectives, potential changes should be analyzed and in some cases allowed – if positive from the perspective of quality.
49	<i>Type your comments here</i>
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64	It would be useful to provide the reader with examples of deficiencies met during the monitoring and remediation process of the quality management system. Without it, paragraphs 54-64 can be applied to monitoring of any system, like e.g. document management.
65	<i>Type your comments here</i>
66	In the application part of requirement 6 some insight would be welcome into what is specific for evaluating and concluding on the effectiveness of the <u>quality</u> management system exactly.
67	<i>Type your comments here</i>
68	<i>Type your comments here</i>
69	<i>Type your comments here</i>
70	<i>Type your comments here</i>

<b>Name of the organisation</b>	<b>Portuguese Court of Auditors</b>
<b>Date</b>	2023-05-18

Firstly, the Portuguese Court of Accounts (TdC) would like to thank the opportunity to comment the proposed text ISSAI 140 – Quality management for SAIs.

The TdC finds the exposure draft highly relevant, by describing in a holistic manner the different requirements underpinning a SAI's system of quality management in an evolving and increasingly complex audit ecosystem, including growing and demanding stakeholder expectations. Quality Management is essential for Supreme Audit Institutions (SAIs) to meet their strategic objectives and fulfil their mission and mandates, so it must be considered and implemented broadly, involving all its relevant aspects, such as culture, strategy, ethic, policies, and procedures.

The proposed text reflects, in general, the principles and the requirements set out in the International Standard on Quality Management (ISQM) 1, which we consider as an appropriate benchmark, and is in line with our own understanding about this theme.

Please find below our comments.

<b>Paragraph</b>	<b>Comments</b>
<b>1</b>	<i>The TdC agrees.</i>
<b>2</b>	<i>The TdC agrees.</i>
<b>3</b>	<i>The TdC agrees.</i>
<b>4</b>	<i>The TdC agrees.</i>
<b>5</b>	<i>The TdC agrees.</i>
<b>6</b>	<i>The TdC agrees.</i>
<b>7</b>	<i>The TdC agrees.</i>
<b>8</b>	<i>The TdC agrees.</i>
<b>9</b>	<i>The TdC agrees.</i>
<b>10</b>	<i>The TdC agrees.</i>
<b>11</b>	<i>The TdC agrees.</i>
<b>12</b>	<i>The TdC agrees.</i>
<b>13</b>	<i>The TdC agrees.</i>
<b>14</b>	<i>The TdC agrees.</i>
<b>15</b>	<i>The TdC agrees.</i>
<b>16</b>	<i>The TdC agrees.</i>
<b>17</b>	<i>The TdC agrees.</i>
<b>18</b>	<i>The TdC suggests including “relevant ethical requirements”. In fact, these relate to relevant ethical requirements which normally comprise the provisions to which the SAIs and its engagements are subject. The ISSAI 130 sets out the fundamental values and principles of ethics that establish the standard of behaviour expected to be adopted and enforced by SAIs, including requirements addressing independence.</i>
<b>19</b>	<i>The TdC agrees.</i>
<b>20</b>	<i>The TdC agrees.</i>
<b>21</b>	<i>The TdC agrees.</i>
<b>22</b>	<i>The TdC suggests including: The governance and leadership component of the quality management system establishes the environment that supports the design, implementation, and execution of the risk management system quality.</i>
<b>23</b>	<i>The TdC agrees.</i>

24	<i>The TdC agrees.</i>
25	<i>The concept of <b>sufficient quality</b> mentioned in this section is not very clear in our perspective</i>
26	<i>The TdC agrees.</i>
27	<i>The TdC agrees.</i>
28	<i>The TdC agrees.</i>
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34	<i>The TdC agrees.</i>
35	<i>The TdC agrees.</i>
36	<i>The TdC agrees. The relevance in the existence of adequate organizational resources to implement and assume the SAI's commitment to quality is highlighted.</i>
37	<i>The TdC agrees.</i>
38	<i>The TdC agrees.</i>
39	<i>The TdC agrees.</i>
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48	<i>The TdC agrees.</i>
49	<i>The TdC agrees.</i>
50	<i>The TdC agrees. This will be an ongoing process rather than one-off, enabling the SAIs to adapt with any changes.</i>
51	<i>The TdC agrees.</i>
52	<i>The TdC agrees.</i>
53	<i>The TdC agrees.</i>
54	<i>The TdC agrees. Consider the selection, on established criteria, of procedures with quality risk, at least annually (paragraph 65), and verify their compliance with the expected responses is of most relevance and utility.</i>
55	<i>The TdC agrees.</i>
56	<i>The TdC agrees.</i>
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<b>64</b>	<i>The TdC agrees.</i>
<b>65</b>	<i>The TdC agrees.</i>
<b>66</b>	<i>The TdC agrees.</i>
<b>67</b>	<i>The TdC agrees.</i>
<b>68</b>	<i>The TdC agrees.</i>
<b>69</b>	<i>The TdC agrees.</i>
<b>70</b>	<i>The TdC agrees.</i>

Name of the organisation	<b>State Audit Bureau, Qatar</b>
Date	18 April 2023
Paragraph No.	<b>Comments</b>
5	<p>The first sentence of proposed <b>Paragraph 5</b> states <i>“The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management when claiming compliance with the ISSAIs.”</i></p> <p>However, the above the <b>Paragraph 5</b> is not aligned with the Paragraph <b>18 and Paragraph 40</b> as the issue of appropriate report is not addressed in this sentence. The text of paragraphs is given below:</p> <ul style="list-style-type: none"> <li>• <b>Paragraph 18</b> on Quality states <i>“the extent to which the work performed and <b>reports issued by the SAI</b> comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders’ needs.”</i></li> <li>• <b>Paragraph 40 (f)</b> on Performance engagements and issuing audit reports also states that <i>“audit reports are appropriate and satisfy stakeholders’ needs”</i></li> </ul> <p>Hence, it is suggested to add the below line after the end of the first sentence of Paragraph 5.  <i>“Also, that audit reports issued by SAI are appropriate in the circumstances”</i></p> <p><b>Revised Paragraph 5 (modified portioned shown in red colour) would be:</b></p> <p><i>“The purpose of ISSAI 140 is to set out ----- when claiming compliance with the ISSAIs. <b>Also, that audit reports issued by SAI are appropriate in the circumstances.</b> ISSAI 140 serves the same -----  -----to SAIs and the public sector context in which they work.”</i></p>
9	<p>The first sentence of the <b>Paragraph No. 8</b> states that <i>“ISSAI 100 Fundamental Principles -----the <b>SAI carries out all audits and other work</b> at a consistently high level of quality and in accordance with the ISSAIs or other relevant standards and applicable legal and regulatory requirements.”</i></p> <p>However, the second sentence of Paragraph No. 9 states that <i>“The SAI must comply with all organisational requirements of this standard in order to be able to assert that it has conducted <b>audits</b> in accordance with the ISSAIs.”</i></p> <p>To align both the paragraphs and considering the fact that quality management is also required for other works conducted by the SAI, it</p>

	<p>is suggested that the word “audit” in the Paragraph No. 9 above may be replaced with “audit and other works”.</p> <p><b>Modified Paragraph No. 9 (modified portioned shown in red colour) would be:</b>  <i>“The SAI must comply with all organisational requirements of this standard in order to be able to assert that it has conducted <b>audit and other works</b> in accordance with the ISSAIs.”</i></p>
<p><i>General Comments</i></p>	<p><i>It is suggested to modify the name of the <b>Chapter -2 as “Purpose, Authority and Scope” instead of “Scope”</b> only as the Chapter 2 discusses the purpose, authority and scope of ISSAC 140.</i></p>



<b>Name of the organisation</b>	<i>China</i>
<b>Date</b>	<i>30 May 2023</i>

Dear colleagues,

Thank you very much for sharing the exposure draft of ISSAI-140.

The SAI China has no comment and amendment proposal to the exposure draft.

With best regards,

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Department of International Cooperation

National Audit Office of China (CNAO)

Fax: +

<b>Name of the organisation</b>	<b>Accountability State Authority of Egypt (ASA)</b>
<b>Date</b>	22/6/2023
<b>Paragraph</b>	<b>Comments</b>
<b>9</b>	Definitions should begin with the sentence "For the purposes of this Standard, the following terms have the meanings set out below". We propose adding definitions for: Governance - Documentation of Liaison Work - Examination of Completed Tasks).
<b>36/a</b>	We suggest rephrasing the paragraph according to para 28/A (ISQM 1) as follows : The SAI shall establish quality objectives that address the SAI's governance , which establishes the environment that supports the system of quality management. So that, the SAI demonstrates a commitment to quality through a culture that exists throughout the SAI, which recognizes and reinforces the following: (i) The SAI's role in serving the public interest by consistently performing quality engagements; (ii) The importance of professional ethics, values and attitudes; (iii) The responsibility of all personnel for quality relating to the performance of engagements or activities within the system of quality management, and their expected behaviour; and (iv) The importance of quality in the SAI's strategic decisions and actions, including the SAI's financial and operational priorities.
<b>37</b>	Adding for further clarifications (from ISSAI 140 before the amendment): <ul style="list-style-type: none"> <li>• SAls must emphasize the importance of adhering to all the ethical conduct's requirements while performing their work.</li> <li>• All the SAI's employees and its contracting parties should demonstrate appropriate ethical behaviour.</li> <li>• The SAI's President and officials should set an example for ethical behaviour.</li> <li>• The ethical conduct's requirements would include any requirements stipulated in the legal or audit frameworks to which the SAI's work is subject.</li> </ul> <ul style="list-style-type: none"> <li>• SAls must ensure that policies and procedures are in place for implementation as they enhance the importance of the key audit staff rotation in order to mitigate the familiarity risks. The SAI could consider undertaking other procedures in order to mitigate this kind of risks.</li> </ul>
<b>40/g</b>	Modifying the beginning of the paragraph to be as follows :

	"engagements documentation is assembled on a timely basis and appropriately maintained ...."
<b>42</b>	<p>In line with this component's presentation and in conformity with the International Standard (ISQMI), it is proposed to add the following paragraph before the beginning of paragraph (42) as follows:</p> <p>"SAI shall determine the quality objectives concerned with the acquisition, development and use of information related to the quality management system and the information transfer within SAI and any other parties in a timely manner to enable the design, implementation and operation of the quality management system."</p> <p>We adding a sub-paragraph after (a) which is "the Supreme Audit Institution's culture recognizes and enhances the employees' responsibility regarding knowledge sharing of with the institution and among them." This part is proposed to be added for further clarification of this component in line with the International Standard (ISQM1), paragraph (33-b).</p>
<b>General</b>	<i>Retaining the previous ISSAI 140 and adding the new project as a complementary ISSAI 141 in addition to reconsidering the two projects together in this light.</i>

<b>Name of the organisation</b>	<b>Oman</b>
<b>Date</b>	<b>28/05/2023</b>

Dear Colleagues,

Hope this email finds you well.

We have forwarded the new exposure draft to the concerned and would like to inform you that they had no comments or remarks.

Kind regards,



<b>Name of the organisation</b>	<b><i>Afghanistan</i></b>
<b>Date</b>	<i>18/06/2023</i>

Greetings from SAO Afghanistan!

I hope this email finds you and your team in good health and spirits.

We appreciate the effort INTOSAI-PSC in drafting this document and are grateful for the opportunity to review it.

I am writing to inform you that the Supreme Audit Office of Afghanistan (SAO) has completed its review of the Draft ISSAI 140. After careful consideration, we are pleased to inform you that we have found no issues with the draft and agree with its content.

Warm Regards,

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Supreme Audit Office of Afghanistan, SAO

International Cooperation Department

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Afshar, Darul Aman,

Kabul Afghanistan

<b>Name of the organisation</b>	<b>South Africa</b>
<b>Date</b>	<b>18/04/2023</b>

<b>To</b>	Jan van Schalkwyk
<b>From</b>	Solly Segooa (CRO); Eugene de Haan (aBUL: QM)
<b>Reference</b>	Review ED ISSAI 140
<b>Date</b>	18 April 2023
<b>Subject</b>	AGSA QM Review of ISSAI 140

## **OBJECTIVE**

This memo outlines the AGSA review of ISSAI 140 - *Quality Management for SAIs*

## **BACKGROUND**

We were requested to review and provide inputs into the exposure draft relating to ISSAI 140 - *Quality Management for SAIs*. We further also reviewed this public auditing standard against ISQM 1 and 2 and to see how it relates to these already adopted quality standards.

## **OVERALL COMMENTS AND INPUTS**

### ***Our overall comments are as follows:***

1. Although quality management should not differ for the audits of entities in the private and public sectors, there are certain differences which should be elevated in the standard. These differences could ideally be highlighted in the application material.
2. Many SAIs rely on auditing firms in the private sector to expand their capacity, and since these auditors are not always familiar with the public sector to the extent to which they should be, it might be necessary to further clarify certain public sector concepts in the application material. At the moment, the application material appears not to provide clear clarification or guidance that are specific to public sector.
3. Although the private sector counterpart issued by the International Auditing and Assurance Standards Board (IAASB), ISQM 1, *Quality Management for Firms that perform audits and reviews of financial statements and other assurance and related services engagements*, refers to the 'firm', it also specifically refers to the scope of the engagements that are covered by the standard. Therefore, it is recommended that the types of engagements are also included in the title of the ISSAI 140, so that it does not appear as if the standard applies to the organisation but rather the engagements performed by the organisation.
4. From our view the proposed standard can place more emphasis on adaptability of the standard and the reiterative nature of a System of Quality Management.

5. Since paragraph 40 refers to the issue of audit reports on the different types of audit engagements performed by a SAI, the heading should probably not refer to 'performance' engagements, which could be confused with 'performance audits' which are applicable in the public sector.

### **Responses to specific questions**

Our responses to the specific questions are as follows:

- 1. Question 1: Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.**

The ISSAI provides sufficient structure to develop a System of Quality Management (SOQM). However, we noted that the structure of the proposed standard is not exactly the same as the ISQM, which will require private sector auditors auditing in the public sector to adapt the structure of their programmes and methodologies which will be based on the IAASB structure.

Furthermore, as noted under our overall comments, the application material could be expanded to include examples of specific situations which exist in the public sector. For example, under paragraph 38, the Acceptance, Initiation and Continuance of engagements could clarify or further explain why the considerations in the private sector do not apply in the public sector, and the origin of the mandates being in specific legislation.

- 2. Question 2: Do you agree with the changes in the ISSAI 100?**

We agree with the changes to ISSAI 100, *Fundamental principles of public sector auditing*, but recommend that paragraph 40 should be amended to also include the other engagements which the SAI undertakes, as included in the proposed title (see 3 under Overall Comments above).

We note from experience the importance of Engagement Quality Reviews (ISQM 2) is often underestimated and should receive more emphasis than only a reference to the ISQM 2 standard.

- 3. Question 3:**

- a. Do you agree with our approach to structuring ISSAI 140?**
- b. Have we set the requirements at the right level?**
- c. Do you see any elements of the application material that should be elevated to the level of requirements?**
- d. Do you find the examples for responses to quality risks sufficient for identifying responses across components?**

It would have been preferable if the ISSAI was structured along the same format of the ISQM (see our response to Question 1 above). As the requirements are derived from ISQM 1, they are at the right level. However, the importance of the following could be highlighted to a greater extent (not necessarily elevated):

- Tone at the top / Governance and Leadership (note that quality objectives are not necessarily associated with Governance and Leadership as indicated in the proposed standard)
- Professional Scepticism and professional judgment
- Consultation
- Engagement Quality Reviews (see response to Question 2 above).

- 4. Question 4: Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?**

While it is important to select completed engagements for reviews, more firms are also performing 'in-flight' reviews, which refers to reviews which are performed while the audit is in progress (considering independence requirements). This is to promote the development of timeous responses to identified deficiencies.

The change from 'across the range of work carried out by the SAI' to 'established criteria for selecting engagements for review' should not diminish the importance of selecting engagements across the range of engagements performed by the SAI, and it is recommended that ISSAI 140 provides guidance and examples of criteria for selecting engagements for review, which should be linked back to risk.

**5. Question 5: Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?**

We agree to evaluate the SOQM on an annual basis, but nothing should prevent the SAI from performing an evaluation should the need arise (for example, when there has been extreme reputational damage to the SAI which resulted from poor audit quality)

**6. Question 6:**

**a. Do you agree with our approach?**

**b. Do you have any comments/suggestions on the definitions including the new proposed definitions of Culture and Quality?**

Concepts such as professional scepticism, professional judgment, ethics and independence are particularly important in the context of audit quality, and we recommend that these definitions are included even though they might appear in other standards.

ISQM does not have a definition for 'quality' or 'audit quality', and there is a risk that the definition in the ISSAI might be incomplete. For example, it might need to include a reference to ethics as requirements in standards and legislation might have been complied with, but an audit failure might still occur due to a lack of independence. While 'professional standards' may include a code of ethics, it might be useful to specify a code of ethics in addition to the auditing standards or the fact that ISSAI includes the Code of Ethics.

**7. Question 7: Do you agree with setting effective date as one year following the final approval?**

It is not ideal that the ISSAI has an effective date which does not coincide with the effective date of the ISQM, so including the option for early adoption is supported.

**CONCLUSION**

Therefore, please find above our review inputs into the ED ISSAI 140. It should be noted we reviewed this standard from our own experience as an SAI and our SAI quality management system is based on ISQM 1 & 2 and ISA 220 quality management principals.

Yours sincerely,

**QM Acting Business Unit Leader:** Eugene de Haan



<b>Name of the organisation</b>	<b>Sweden</b>
<b>Date</b>	<i>21/06/2023</i>

<b>Paragraph</b>	<b>Comments</b>
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35	<i>Quite fuzzy and difficult to understand what it would be like in reality. Could possibly be solved with a preamble.</i>
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39	<i>Type your comments here</i>
40	<i>f. Consider the wording “satisfy stakeholders needs”, since it is not necessarily what an SAI should do. Possibly a wording like “relevant for stakeholders needs” could work better?</i>
41	<i>Type your comments here</i>
42	<i>Fuzzy and maybe too much on a metalevel?</i>

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- 55 *There is a possibility that there will be no root cause, which enhances the risk that one will ascribe something as the underlying cause to why the situation is what it is, despite the possibility that the cause is due to a combination of other actions or circumstances. Consider another formulation.*
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<b>Name of the organisation</b>	<b><i>TURKISH COURT OF ACCOUNTS</i></b>
<b>Date</b>	<i>26/06/2023</i>

## ISSAI 140 QUALITY MANAGEMENT FOR SAIs\_EXPOSURE DRAFT

### GENERAL COMMENTS OF TURKISH COURT OF ACCOUNTS

#### 1-Monitoring/Following the Realization of Quality Objectives

New exposure draft of ISSAI 140 introduces a risk-based approach focused on achieving the quality objectives of SAIs. Quality objectives should be outcome-based and the SAIs determine how to achieve them.

In this respect, the standard designs the quality management system as a process of establishing the system of quality management, establishing quality objectives, identifying and assessing quality risks and designing and implementing responses. In addition to that, it requires the SAI's to monitor, evaluate and document the system as a whole.

At this point, we believe that monitoring/following the realization of quality objectives is also critical for a well-functioning quality management system apart from monitoring and evaluating the system as a whole. However, we evaluated that there is not enough emphasis in the new exposure draft on this issue and it needs clarity to be put forward. For this reason, we recommend that the new standard makes an emphasis on the monitoring /following the realization of quality objectives and includes instructions on this issue.

#### 2- Those Responsible / Their Responsibilities and Engagement Partner

Well-defined roles and responsibilities in the system ensures better performance as those responsible are aware of their key performance area and expected outcomes and it also helps to clear up confusion.

We evaluated that there is not enough information and clarity about roles/ responsibilities and those responsible in the new standard. Also, the engagement partner issue is not included either in terms of responsibility.

In some cases, there may be decision makers outside the engagement team who is responsible for the audit engagement and its performance, such as the engagement partner. In such a case, the issue of responsibility and those responsible may not be clear.

So we recommend that those responsible including engagement partner and their responsibilities be clarified within the quality management system.

#### 3-Additional Technical Comments and Observations

A-Subheadings in "5. Organizational Requirements Underpinning A SAI's System of Quality Management" in the "Table of Contents" are not compatible with those in the text.

B-It is considered that Paragraph 31 on page 12 should be placed under "Establishing Quality Objectives" heading.

C-"Performance engagements and issuing audit reports" on page 15 could be corrected as "Engagement performance and issuing audit reports"

<b>Name of the organisation</b>	<b>OFFICE OF THE AUDITOR GENERAL UGANDA</b>
<b>Date</b>	05/06/2023
<b>Paragraph</b>	<b>Comments</b>
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<b>18</b>	Quality cannot be defined by meeting stakeholders' needs; because in a SAI environment, there are competing needs of stakeholders and indeed; no SAI can issue a report that meets all stakeholders' needs. I suggest e define quality by complying with standards and issuance of an appropriate report in the circumstances.
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39	Whereas the SAI may be required by law to undertake an engagement, the standard should provide for some safeguards in instances where the current state of the SAI is likely to compromise the quality e.g. lack of competence may be overcome by outsourcing skills.
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62	In case a SAI undertakes monitoring activities for ongoing engagements; the standard should clearly propose remedies where the report is found inappropriate before the signature date. This is because this is one of the core areas of the standard.
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<b>Name of the organisation</b>	<b><i>The Accounting Chamber of Ukraine</i></b>
<b>Date</b>	<i>21.06.2023</i>
<b>Paragraph</b>	<b>Comments</b>
<b>12</b>	In this paragraph Engagement is defined as any work carried out by a SAI that is within the scope of the ISSAIs. Is this not a limitation in relation to quality management, perhaps it be better to define the scope by the SAI's legal mandate?
<b>22</b>	In our opinion, engagements covered by the ISSAIs is a limit of the principle of the SAI's organizational independence, therefore it is advisable to expand the possible activities to those provided by the mandate of the SAI.
<b>26</b>	We propose to add paragraph A30 ISQM 1 after this paragraph: <i>'Quality management is not a separate function of the SAI; it is the integration of a culture that demonstrates a commitment to quality with the firm's strategy, operational activities and processes set up in SAI. As a result, designing the system of quality management and the SAI's operational activities and processes in an integrated manner may promote a harmonious approach to managing the SAI, and enhance the effectiveness of quality management'.</i>
<b>28</b>	Please, clarify in point (a) the definition of <i>responsibility</i> as it is done in paragraph 53 ISQM 1 – <b>ultimate</b> responsibility
<b>32</b>	According to paragraph 24 of this project, quality objectives are established in the process of risk assessment. At the same time, in this paragraph, where the quality objectives are established, nothing is said about the connection of the established objectives with the risk assessment.
<b>42</b>	Please, clarify in point (a) that information can be whether from internal or external sources: <i>'The information system identifies, captures, processes and maintains relevant and reliable information that supports the system of quality management, <b>whether from internal or external sources</b>'.</i>
<b>44</b>	Maybe it would be better to replace "changes to quality risks <b>are needed</b> " with "changes to quality risks <b>are caused</b> "
<b>46</b>	Please, revise point (g) and maybe replace "the nature of <b>engagement and other work...</b> " with " the nature of <b>all types of work...</b> "
<b>53</b>	Maybe will be better part 11 point (d) to clarify "Eligibility <b>criteria</b> to..."

<p><b>56</b> <b>58</b></p>	<p>Paragraph 58 (b) states: ‘establishing a monitoring and remediation process may include ... determining <b>the circumstances when a review of completed engagements is required as part of monitoring activities</b>’. That is, based on this, the review of completed engagements may or may not be a component of monitoring.</p> <p>At the same time, paragraph 56 states that ‘the monitoring and remediation process <b>shall include reviews of completed engagements</b> based on established criteria for selecting engagements for review’.</p> <p>Therefore, these points need to be agreed upon in terms of defining whether a review of completed engagements should be included in the process of monitoring.</p>
<p><b>62</b></p>	<p>We propose to determine (clarify) the difference between the tasks of "ongoing monitoring" and "periodic monitoring".</p>
<p><b>65</b></p>	<p>We propose to replace the "<b>at least annually</b>" to "<b>regularly, with a period determined by the SAI</b>".</p>
<p><b>67</b></p>	<p>Paragraph 67 (a) states: “the SAI’s quality management risk assessment process, <b>including its quality objectives...</b>”</p> <p>On our opinion, quality objectives are not included in quality management risk assessment process, so we propose to replace ‘its <b>quality objectives</b>’ with ‘its <b>impact for quality objectives</b>’.</p>

<b>Name of the organisation</b>	<b><i>Austrian Court of Audit</i></b>
<b>Date</b>	<i>20 June 2023</i>

**Question 1:**

As regards the structure of ISSAI 140, we would like to suggest the following inclusion:

In the light of the use of the modal verb “shall”, which has replaced the modal verb “should”, it might be helpful to include a paragraph that explains the meaning of “shall”. It might also be helpful to explain to the reader what is understood by “application material” and how it is intended to be used. For both cases we refer to ISSAI 3000, paragraph 4, which could be adapted to ISSAI 140:

*“Requirements are “shall” statements presented in bold. They contain the mandatory content necessary to produce the high quality audit work for those Supreme Audit Institutions (SAIs) that choose to make reference to the ISSAIs in their work. They tell auditors what is expected of them and to stakeholders what they can expect from the audit work. Explanations describe in more detail what a requirement means or is intended to cover.”*

**Question 2:**

Our comment concerns the suggested wording of the new paragraph 36 to be included in ISSAI 100, which deviates from paragraphs 35 and 37 (currently 36) of ISSAI 100:

Whereas the current paragraphs 35 and 36 both state that “The existence of [...] is a **prerequisite for applying national standards that are based on or consistent with the Fundamental Auditing Principles**”, the wording suggested for the new paragraph 36 is slightly different:

“The existence of [...] is a **prerequisite for applying or developing national standards based on the Fundamental Auditing Principles.**”

Could you explain the reasons for the change in wording? We find it confusing to have three consecutive paragraphs of which one slightly deviates in wording although it intends to have the same meaning as the other two.

**Question 5:**

As indicated in our comment on paragraph 65, it should be considered that an obligatory annual evaluation might overstretch certain SAIs’ capabilities. The evaluation circle should therefore be defined by each SAI based on its mandate, specific needs, organization, regulatory framework etc. – also in accordance with paragraph 4: “with due consideration of a SAI’s mandate, national legislation, structure, size and the types of audit it performs”.

As also suggested in our comment on paragraph 65, it might be useful to evaluate the whole system of quality management one year after its implementation to ascertain that all relevant matters have been considered. Later on, it might be enough to evaluate single risks and corresponding preventive remediation measures on a regular and ad hoc basis if risks have emerged.



<b>Name of the organisation</b>	<i>Office of the Auditor General of Botswana</i>
<b>Date</b>	<i>20 June 2023</i>

**Question 1:**

*ISSAI 140 provides sufficient structure for my SAI to develop a system of quality management.*

**Question 2:**

*Agree with the changes in ISSAI 100.*

**Question 3a:**

*Yes, agree with our approach to structuring ISSAI 140.*

**Question 3b:**

*Yes, the requirements are set at the right level.*

**Question 3c:**

No

**Question 3d:**

Yes

**Question 4:**

*No , review of completed engagements should be based on established criteria for selecting engagement for review because it will focus on priority areas.*

**Question 5:**

*Yes ,Agreed.*

**Question 6a:**

*Yes, but for Independence, even though it is t is covered in the INTOSAI-P 10 Mexico Declaration on SAI Independence; the declaration can be referenced on paragraph 25 of ISSAI 140, to guide users.*

**Question 6b:**

*No comments.*

**Question 7:**

*Yes ,Agreed.*

Name of the organisation	<i>SAI Costa Rica</i>
Date	<i>19/06/2023</i>

**Question 1: Question 1: Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.**

*Yes, It does. In the case of SAI Costa Rica, it also considers quality elements provided by national laws and regulations.*

**Question 2: Do you agree with the changes in the ISSAI 100?**

*Yes, I do. But, we are suggesting to add SAI's context and relevant stakeholders. As exemplified as follows:*

*ISSAI 100 Fundamental Principles of Public-Sector Auditing provides that each SAI should establish and maintain a system of quality management to provide it with reasonable assurance that the SAI carries out all audits and other work at a consistently high level of quality and in accordance with the ISSAIs or other relevant standards and applicable legal and regulatory requirements. A SAI's system of quality management generally addresses the following interconnected components in a continual and iterative manner:*

- SAI's risk assessment process;*
- SAI's context*
- Governance and leadership;*
- Relevant ethical requirements;*
- Relevant stakeholders*
- Acceptance, initiation, and continuance of engagements;*
- Performing engagements and issuing audit reports;*
- SAI's resources;*
- Information and communication; and*
- Monitoring and remediation process.*

**Question 3a: a) Do you agree with our approach to structuring ISSAI 140?**

*Yes, I do.*

**Question 3b: b) Have we set the requirements at the right level?**

*Yes, you have.*

**Question 3c: c) Do you see any elements of the application material that should be elevated to the level of requirements?**

*SAI Costa Rica. It agrees with the proposal.*

**Question 3d: d) Do you find the examples for responses to quality risks sufficient for identifying responses across components?**

*SAI Costa Rica proposes some changes in this section, based on ISO 31000:2018. It is suggested to see the "Comments" document*

**Question 4: Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?**

*Yes, I do. At SAI Costa Rica, we have a review that we carry out with the same periodicity, on a sample of completed engagements, statistically selected to verify compliance with quality attributes.*

**Question 5: Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?**

*Yes, I do. At SAI Costa Rica, we have a review that we carry out with the same periodicity.*

**Question 6a: a) Do you agree with our approach?**

*Yes, I do.*

**Question 6b: b) Do you have any comments/suggestions on the definitions including the new proposed definitions of Culture and Quality?**

*Yes, I do. In the proposed definition of "Culture" we are suggesting the following: add what is related to "psychological" and "Processes", based on ISO definition.*

*Culture – operating **psychological** environment encompassing behavioural norms and shared ethics, vision, mission, beliefs and core values, goals, attitudes, competencies, procedures, **processes**, policies and practices, and communication, that characterise a SAI and how it operates.*

**Question 7: Do you agree with setting effective date as one year following the final approval?**

*Yes, I do.*

<b>Name of the organisation</b>	<b><i>Audit Office of the Republic of Cyprus</i></b>
<b>Date</b>	<i>1/6/2023</i>

**Question 1:**

*Yes, the proposed structure provides sufficient structure for a SAI to develop a system of audit quality management.*

**Question 2:**

*Yes, we agree.*

**Question 3a:**

*We agree with the proposed structure, however we would like to emphasize the importance of INTOSAI developing further guidance on the topic of engagement quality reviews, perhaps a GUID document or handbook.*

**Question 3b:**

*In our view, requirements have been set at the right level.*

**Question 3c:**

*We did not identify any elements of the application material that should be included in the requirements.*

**Question 3d:**

*We noted that certain of the specified responses in ISQM1 (para. 34) have been left out of the proposed ISSAI 140, in particular, policies and procedures for:*

- *Cases where the engagement is obligatory by law (para. 34(d)(ii) and A123 of ISQM1) – this would be a very common case in a SAI context; and*
- *Communicating with those charged with governance and providing information to external parties about the system of audit quality management. (para. 34(e) of ISQM 1).*

*We are not sure if this means that such policies and procedures are not relevant to a SAI context or whether they have been left out for the sake of simplifying the standard. Also, ISQM 1 refers to “specified responses” and is more imperative in tone (“the firm shall...”), as compared to the “examples of responses [...] that the SAI may design and implement”, that are given in ISSAI 140. In our view, this implies that not all responses given in para. 53 of the exposure draft need to be implemented by the SAI. If this is not the case, perhaps this would need to be clarified in the standard.*

**Question 4:**

*Yes, we agree.*

**Question 5:**

*Yes, we agree.*

**Question 6a:**

*In general, we agree with the approach taken on the definitions. Please see our comment on question 6b below.*

**Question 6b:**

*Given the structure of certain SAIs, it might be useful if the standard included the definition of an Engagement Partner in a SAI context, with clarifications or guidelines in determining who this is in a SAI (e.g. Directors, the Auditor General, other?).*

*For example, if a SAI following the Anglo-Saxon model considers the Auditor General to be the Engagement Partner in the sense of ISQM 1, since the ultimate responsibility of the audit report lies on the SAI Head, who sometimes even signs the audit report, then this would probably have implications in appointing an engagement quality reviewer within the SAI that is truly independent, as described in ISQM 2. We believe that if the standard remains silent on this issue, it might cause some confusion in certain cases.*

*If INTOSAI finds that the term is not relevant (the engagement quality reviewer, after all, needs to be “independent from the engagement team”, with no mention to the Engagement Partner in the standards), then could this be clarified in ISSAI 140?*

**Question 7:**

*Yes, we agree with this effective date, since it will provide enough time for the IDI’s System of Audit Quality Management (SoAQM) pilot program to be completed, and possibly the IDI Playbook, intended to support SAIs in setting up a SoAQM, to be issued well in advance.*

<b>Name of the organisation</b>	<b><i>National Audit Office of Denmark</i></b>
<b>Date</b>	<i>21 June 2023</i>

*Question 1: Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.*

We suggest that the ISSAI 140 should be supplemented with authoritative non-binding guidance.

In the NAOD, we have discussed the draft ISSAI 140 and its possible implementation with the directors and auditors engaged in internal development of audit guidance in our organization. We note that the standard itself provides requirements and application material that leaves the SAIs with a relatively wide scope of interpretation as regards implementation of the various components. We value the flexibility it leaves for each SAI to define its own solutions.

However, our internal discussions on the draft have also clearly demonstrated that this ISSAI will be difficult for us to implement unless it is supplemented with guidance that clarifies the intentions behind the text in a much more concrete and operational manner.

We specifically ask for authoritative non-binding guidance and illustrative examples on:

- Quality objectives: How would a typical set of quality objectives look like for a SAI? What organisational level is suitable for defining goals? To what degree would it require measurability? Is the intention that we define a few focused objectives (areas for improvement) or should we try to be exhaustive and cover all relevant aspects for each component in the quality management system?
- Quality risk assessment: What would qualify to be a significant quality risk? Why should we define risks based on objectives – would it not be better to define objectives based on the risks?
- Engagement quality review: What does this new concept imply in a SAI context? How may such reviews be integrated into the responsible line of management in a SAI? Does this differ from normal supervision and quality review by the head of SAI/senior staff of SAI audit reports?
- Quality evaluation and conclusions: How can this evaluation be carried out? How is it related to cold review? What constitutes a significant flaw in the quality management, and how should it be reflected in the report? What would be the format of such a conclusion?

We very much value the *GUID 1900 Peer review guidelines* which provided the basis for a peer review of our organization in 2021. This was part of the monitoring activities in our quality management system in line with the current ISSAI 140. We would suggest that the above topics as well as, for instance, cold reviews could be covered in similar implementation guidance and attached in the same way to ISSAI 140.

*Question 2: Do you agree with the changes in the ISSAI 100?*

We agree with the proposed text in in ISSAI 100 in para 36 and in ISSAI 140 para 8.

We find it confusing that a SAI's quality management is also treated in para 40. To us, it would make more sense if para 40 concerned the auditor's obligation to manage quality in the individual audit. However, this is not the case in the proposed wording as it is mainly focused on SAI's quality procedures and includes reference to ISSAI 140.

We support the principle that a SAI should appoint a responsible auditor for each engagement, but find that this principle would be better placed together with para 36 in the section on organizational requirements.

To illustrate the difference, we propose a wording for a principle on quality management at engagement level which might be further developed by the project group and included in the 'general principles section' of ISSAI 100:

***The responsible auditor should manage quality throughout the audit process***

*The responsible auditor should manage quality by ensuring that the audit procedures meet the objectives of the audit and sufficient appropriate evidence is obtained in order to enable the auditor to draw the relevant conclusions and meet the relevant reporting responsibilities. In this way the responsible auditor ensures that audit risk is reduced to an acceptable low level before the resulting audit report is issued.*

Question 3:

a) *Do you agree with our approach to structuring ISSAI 140?*

Yes. There may be a need to explain how the components in para 8 and the organisational requirements that are outlined in the standard are linked. It is not entirely clear how they are interconnected, although we have observed some of the components in the organisational requirements. In addition, we have found a little discrepancy in the headline at para 37 (ethical requirements) compared to para 8.

b) *Have we set the requirements at the right level?*

Yes

c) *Do you see any elements of the application material that should be elevated to the level of requirements?*

No

d) *Do you find the examples for responses to qualify risks sufficient for identifying responses across components?*

Please see our reply to question 1. We propose GUID with examples of quality objectives, quality risks, the carrying out of engagements, cold reviews etc. to be very helpful.

*Question 4: Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?*

We agree that the review of completed engagements should continue to be included in ISSAI 140. We put great emphasis on how the review can stimulate continuous learning in the organisation.

*Question 5: Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?*

We support the current wording of the draft. We would not support a requirement to provide a formalized conclusion in the format of a declaration or opinion on the effectiveness of the quality system. It would formalize the quality management process to a degree where it would be difficult to address quality issues and stimulate continuous learning in the organization.

We hope that our remarks have been helpful, and look forward to see the end result.

<b>Name of the organisation</b>	<b>COUR DES COMPTES FR</b>
<b>Date</b>	<b>14/06/2023</b>

**Question 1:**

**Yes, ISSAI 140 has enough content for a QMS to be set up.**

**Question 2:**

**No comments**

**Question 3a:**

**No comments**

**Question 3b:**

**If the QMS is to be effective and have the backing of all staff, it must be an initiative by the President of the SAI. The President must give the initial impetus for the QMS and show subsequent involvement.**

**Question 3c:**

**No comments**

**Question 3d:**

**The sampling method used for controls should remain unchanged.**

**Question 4:**

**Yes**

**Question 5:**

**Yes**  
**Or a peer review "cross audit" every three years.**

**Question 6a:**

**Yes**

**Question 6b:**

**No comments**

**Question 7:**

**Yes**



<b>Name of the organisation</b>	<b><i>National Audit Office of Finland</i></b>
<b>Date</b>	<b><i>16.6.2023</i></b>

**Question 1:**

*Yes, the proposed ISSAI 140 provides sufficient structure for us.*

**Question 2:**

*Yes, we agree with the changes.*

**Question 3a:**

*a) yes, we agree with the approach to structuring ISSAI 140.*

**Question 3b:**

*b) yes, the requirements are at the right level.*

**Question 3c:**

*c) no, we don't see elements in the application material which should be elevated to requirements.*

**Question 3d:**

*d) yes, we find the examples sufficient.*

**Question 4:**

*yes, we agree.*

**Question 5:**

*yes, we agree.*

**Question 6a:**

*yes, we agree with the approach.*

**Question 6b:**

*No, we don't have comments.*

**Question 7:**

*yes, we agree.*

<b>Name of the organisation</b>	<b>Hellenic Court of Audit</b>
<b>Date</b>	<i>24.05.2023</i>

Dear colleague,

In response to your email regarding the publication by the Professional Standards Committee of the new exposure draft of ISSAI 140 – Quality management for SAIs (ISSAI 140), we would like to inform you that we have no comment whatsoever to add on the draft report of the aforementioned International Standard and its explanatory statement, since we consider their content to be complete.

Kind regards,

<b>Name of the organisation</b>	<b>GAO</b>
<b>Date</b>	<i>21.06.2023</i>

**Responses to Questions on INTOSAI’s March 2023 Exposure Drafts: ISSAI 140, *Quality Management for SAIs*, and ISSAI 100, *Fundamental Principles of Public-Sector Auditing***

**1. Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.**

GAO publishes standards, often referred to as generally accepted government auditing standards (GAGAS). Auditors and audit organizations follow our standards when required by law, regulation, agreement, contract, or policy<sup>1,2</sup>. We are revising GAGAS to strengthen the framework for conducting high-quality government audits through the quality management systems of audit organizations. We believe that the proposed GAGAS revision would meet the requirements proposed in International Standard of Supreme Audit Institutions (ISSAI) 140.

**2. Do you agree with the changes in the ISSAI 100?**

We generally agree with changes proposed to ISSAI 100 as they are intended to conform ISSAI 100 to ISSAI 140.

**3. A. Do you agree with our approach to structuring ISSAI 140?**

See our response to 3B.

**B. Have we set the requirements at the right level?**

We believe including certain additional requirements that are in the International Standard on Quality Management (ISQM) would assist supreme audit institutions (SAI) in designing, implementing, and operating effective quality management systems to produce audits and other work with a consistent high level of quality.

1) ISQM identifies the required quality objectives necessary for an effective system of quality management, while ISSAI 140 does not<sup>2,3</sup>. ISSAI 140 paragraph 32 states that the SAI shall establish quality objectives “appropriate to its circumstances” that the system of quality management is intended to address.

We suggest clarifying paragraph 32 to require that SAIs establish one or more quality objectives for each of the six components of the system of quality management listed in the paragraph and that the quality objectives a SAI establishes should be appropriate to its circumstances. The six components are (1) governance and leadership; (2) fulfilment of the SAI’s responsibilities in accordance with ethical requirements; (3) acceptance, initiation, and continuance of engagements; (4) performing engagements and issuing audit reports; (5) SAI resources; and (6) information and communication. These revisions would clarify the minimum requirements for quality objectives that the system of quality management is intended to address and align ISSAI 140 more closely with ISQM. Information on the six quality components is presently included as application material in ISSAI 140 paragraphs 36 through 42.

<sup>1</sup> GAO, *Government Auditing Standards: 2018 Revision Technical Update April 2021*, [GAO-21-368G](#) (Washington, D.C.: April 2021).

<sup>2</sup> International Auditing and Assurance Standards Board (IAASB), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, ISQM 1 (New York: Dec. 17, 2020), paras. 28–33.

2) ISQM includes requirements for evaluating remedial actions for the monitoring and remediation process to determine whether those actions, appropriately designed to address identified deficiencies and their related root cause(s), have been implemented and are effective in addressing identified quality management deficiencies. ISQM also includes requirements for modifying the remedial actions as necessary to ensure that they are effective<sup>3</sup>. We suggest adding a requirement that SAIs should evaluate the remedial actions for correcting deficiencies identified in the system of quality management to determine the effectiveness of these actions. Without evaluations of such actions, SAIs are unable to assess whether the remedial actions are appropriately designed and implemented or are effective.

3) ISQM includes requirements for responding to circumstances when findings indicate that procedures were omitted during the performance of an engagement or the report issued may be inappropriate<sup>4</sup>. It further requires the following:

(a) Taking appropriate action to comply with relevant professional standards and applicable legal and regulatory requirements.

(b) When the report is considered to be inappropriate, considering the implications and taking appropriate action, including considering whether to obtain legal advice.

We suggest adding requirements that SAIs should respond to circumstances when quality management findings indicate that required procedures were omitted during the performance of an engagement or the report issued may not comply with professional standards and applicable laws and regulations. Without such actions, the public may rely on information that is inaccurate.

4) ISQM includes requirements for establishing a period of time retaining documentation for the system of quality management that is sufficient to enable the firm to monitor the design, implementation, and operation of its system of quality management, or for a longer period if required by law or regulation<sup>5</sup>. We suggest including a requirement that SAIs should establish a period of time for retaining documentation for the system of quality management that is sufficient to enable an SAI to monitor the design, implementation, and operation of the system, or as applicable to meet other needs. ISSAI 140 paragraph 69 currently does not require that an SAI establish a period of time to retain documentation for the system of quality management.

**C. Do you see any elements of the application material that should be elevated to the level of requirements?**

See our response to question 3B.

**D. Do you find the examples for responses to quality risks sufficient for identifying responses across components?**

We are not providing a response to this question.

**4. Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?**

We suggest allowing each SAI to determine whether reviews of completed engagements should be part of its monitoring process. We believe an SAI should establish a process for monitoring the design, implementation, and operation of its system of quality management to provide a basis

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<sup>3</sup> IAASB, ISQM 1, paras. 43–44.

<sup>4</sup> IAASB, ISQM 1, para. 45.

<sup>5</sup> IAASB, ISQM 1, para. 60.

for identifying deficiencies and remediating them on a timely basis. An SAI's review of completed engagements may determine if responses to address quality risks at the engagement level have been implemented as designed and are operating effectively. However, an SAI may perform other procedures to accomplish this objective.

**5. Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?**

We agree with the requirement to evaluate the system of quality management annually consistent with ISQM 1<sup>6</sup>. We believe that an annual review is necessary to evaluate the effectiveness of the quality management system. The results of the evaluation can help determine if an SAI needs to make changes to maintain the effectiveness of its system of quality management and assist the SAI's leadership in fulfilling its responsibility for the system.

**6. Do you agree with our approach? Do you have any comments/suggestions on the definitions including the new proposed definitions of Culture and Quality?**

It is reasonable to include only applicable definitions from ISQM 1 in ISSAI 140 and to add definitions of key concepts in the SAI environment. We believe that the proposed definition of culture is clear within the context of the exposure draft. However, in our view the definition of quality (i.e., "the extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders' needs") should omit "and satisfy stakeholders' needs" to avoid confusion about stakeholder roles and the potential for threats to the SAI's independence. We also believe that ISSAI 140 paragraph 40f (i.e., "audit reports are appropriate and satisfy stakeholders' needs") should also omit "and satisfy stakeholders' needs" for this reason.

**7. Do you agree with setting effective date as one year following the final approval?**

It is proposed that the ISSAI 140 take effect 1 year after the International Organization of Supreme Audit Institutions' Governing Board endorsement with a January 2025 estimated effective date. A January 2025 effective date may not allow SAIs sufficient time to implement ISSAI 140. We suggest that ISSAI 140 be effective December 2025 to allow SAIs additional time to plan, design, and implement a quality management system that meets the requirements of ISSAI 140.

**GAO's Additional Comments**

We believe there could be further clarifications to the proposed standards and are providing the following suggestions for aiding SAIs' understanding of the standards.

1) To enhance auditors' and SAI's overall understanding and implementation of the ISSAIs, we believe that ISSAI 100 and 140 should clarify how the components of an SAI's system of quality management relate or link to the organizational requirements that underpin the SAI's system of quality. We believe that it is unclear how the components of an SAI's system of quality management (ISSAI 100 paragraph 36) relate to the organizational requirements that underpin such a system (ISSAI 140 paragraph 9). ISSAI 100 paragraph 36 states that an SAI's system of quality management generally addresses eight interconnected components: (1) SAI's risk assessment process; (2) governance and leadership; (3) relevant ethical requirements; (4) acceptance, initiation, and continuance of engagements; (5) performing engagements and issuing audit reports; (6) SAI resources; (7) information and communication; and (8) monitoring and remediation process. These eight components are similar to the components ISQM 1 describes in a system of quality management.<sup>8</sup>

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<sup>6</sup> IAASB, ISQM 1, para. 53.

ISSAI 140 paragraph 9 defines SAIs' organizational requirements based on the eight components included in ISSAI 100 paragraph 36. ISSAI 140's seven organizational requirement categories are (1) establishing the system of quality management, (2) establishing quality objectives, (3) identifying and assessing quality risks, (4) designing and implementing responses, (5) monitoring the system of quality management and remedying identified deficiencies, (6) evaluating and concluding on the effectiveness of the system of quality management, and (7) documenting the system of quality management. We believe that describing the linkage between the quality management components and organizational requirements would clarify ISSAI 140.

2) We suggest clarifying or providing examples to the application material in paragraph 63 relating to monitoring the system of quality management and remedying identified deficiencies. Paragraph 63 states to "assist their monitoring and remediation process, SAIs may on a regular or more occasional basis seek feedback that can support the SAI in developing quality and quality management over time. Such feedback may be obtained from parties audited by the SAI or users of the SAI's audit reports." We believe that it is unclear how an entity an SAI audits or users of the SAI's reports may provide feedback that can support the SAI in developing a system of quality management. SAIs should also be mindful of independence concerns that soliciting feedback from audited entities on quality may raise.

3) We suggest modifying paragraph 19 to state that the quality objectives are associated with "components of the quality management system relating to governance and leadership; fulfilment of the SAI's responsibilities in accordance with ethical requirements; acceptance, initiation, and continuance of engagements; performing engagements and issuing audit reports; SAI resources; and information and communication." We believe this will help to clarify the relationship between quality objectives and quality components.

4) We suggest clarifying the intended timing for the completion of an engagement quality review. Paragraph 13 states that the engagement quality review is completed before the date of the audit report. However, financial statement audits and performance audits can have different requirements for dating the auditor's report. We suggest clarifying that engagement quality reviews should be completed before "the date the audit report is issued" to allow sufficient time for the engagement quality reviewer to complete a thorough and effective review.

5) We suggest revising ISSAI 140 paragraph 14 to include the eligibility qualifications for the engagement quality reviewer required in ISQM 2 paragraph 18. We do not believe the current definition of the engagement quality reviewer in ISSAI 40 paragraph 14 is complete and consistent with ISQM 2. Specifically, we suggest the following language:

Engagement quality reviewer – an individual or a team, within the SAI or external, that

- is not a member of the engagement team;
- has the competence and capabilities, including sufficient time, and the appropriate authority to perform the engagement quality review;
- complies with relevant ethical requirements, including in relation to threats to objectivity and independence of the engagement quality reviewer; and
- complies with provisions of law and regulation, if any, that are relevant to the eligibility of the engagement quality reviewer.

We believe that the engagement quality reviewer should perform an objective (not necessarily independent) evaluation of the engagement and be independent from the audited entity.

6) We believe that ISSAI 140 could be enhanced by including additional information to assist SAIs in effectively documenting their systems of quality management. We suggest adding application guidance to provide examples of information that an SAI may include in documentation of its system, such as

- the SAI's quality objectives and quality risks;
- a description of the responses and how the SAI's responses address the quality risks;
- information regarding the monitoring and remediation process, including evidence of the monitoring activities performed, the evaluation of findings and identified deficiencies and their underlying causes, remedial actions to address identified deficiencies and the evaluation of the design and implementation of such remedial actions, and communications about monitoring and remediation; and
- the basis for the conclusions reached regarding the evaluation of the system of quality management.

<b>Name of the organisation</b>	<b>GHANA AUDIT SERVICE</b>
<b>Date</b>	<b>13<sup>th</sup> APRIL 2023</b>

**Question 1:**

*Yes, it does but would be appropriate to include a documented procedure for QM. The procedure should be formalized and accessible to all staff. This will form a guide for any peer reviews of the SAI.*

**Question 2:**

Yes

**Question 3a:**

yes

**Question 3b:**

yes

**Question 3c:**

Yes

**Question 3d:**

yes

**Question 4:**

*Not fully. If QM is institutionalized and properly carried out, annual reviews might not be necessary but could be done on a when basis.*

**Question 5:**

*No. It is expected that the QM in the SAI will be developed at some point without needing an annual review.*

*It could be reviewed when changes occur or the realignment of functions.*

**Question 6a:**

Yes

**Question 6b:**

No

**Question 7:**

Yes



<b>Name of the organisation</b>	<i>IDI</i>
<b>Date</b>	<i>21 June 2023</i>

**Question 1:**

*We suggest including some description about the scalability of ISSAI 140 in the introductory paragraphs.*

**Question 2:**

*In connection with the proposed amendments in paragraph 40 of ISSAI 100, there is also a need to revisit quality management requirements applied at the engagement level (i.e., ISSAI 200, 300, 400, 3000 and 4000) to establish distinction of quality management responsibilities at the organisational level (to be dealt with by ISSAI 140) and at the audit engagement level (to be dealt with by ISSAIs 2220, 3000 and 4000). Amendments may include updates of the wordings (from QC to QM), and distinction of quality management responsibilities at the SAI and audit team level.*

**Question 3a:**

*It will be helpful to show the clear linkage (i.e., thru cross referencing) between the main organisational requirements and the specific paragraph(s) in the application material.*

**Question 3b:**

**Question 3c:**

**Question 3d:**

**Question 4:**

**Question 5:**

**Question 6a:**

**Question 6b:**

**Question 7:**

<b>Name of the organisation</b>	<b>State Audit Office of the Republic of the Latvia</b>
<b>Date</b>	21.06.2023.

**Question 1:**

*ISSAI 140 provides a solid structure for audits, but it lacks an important part of the work of supreme audit institutions.*

*Component acceptance, initiation, and continuance of engagements is described only from the perspective of a SAI's ability to comply with professional standards, applicable legal and regulatory requirements, and ethical principles; to act within its legal mandate or authority; and capability, including time and resources, to do so. We in our organisation see this principle more from the point of view of strategic planning and process on how we identify or audit topics (closely connected to ISSAI P 12 requirements). We believe that this component is, in principle, different from the private sector and should be developed specifically for public sector auditing.*

*The second question concerns all other products which are delivered by SAIs – like investigation reports, budget draft analysis, comments on legislation projects, etc. For the private sector there are very strict requirements on how to separate audit work from all other services, while for the public sector this is a grey zone and can significantly increase reputation risks. In our organisation we have one QMS which covers all activities in our institution and has specific requirements for audits. That is a way how we manage our risks.*

*We believe that ISSAI 140 is far too broad and general to be implemented without additional explanations. In our practice ISA is more effectively applicable with many supportive materials – much more detailed standards, different explanatory materials – first time adoption notes, webinars, etc. Something similar for ISSAI could be very useful.*

**Question 2:**

*Yes, we agree.*

**Question 3a:****Do you agree with our approach to structuring ISSAI 140?**

*Yes, we agree as long as our comment on Q1 is considered. Within ISSAI 140, the term **requirement** is used, while in §8 it is **component**. Keeping in mind, that ISSAI 140 merely sets general principles without any further practical explanations, we would suggest using ISA terminology here, i.e.– component.*

*This standard introduces a new term **Organisational requirement** – which is not explained and is not used in other standards. This is misleading – does it mean those norms are more relevant as others in the standard? Why are norms which are not relevant included within the standard? Why is there no GUID for less relevant norms?*

**Question 3b:**

*No, we believe that for SAIs QMS should be developed at the highest level and include all the work of the SAI – not only audits.*

**Question 3c:**

*No, we do not see such material as it (application material) generally, in other words explain requirements and do not contain any additional relevant information.*

**Question 3d:**

*As those examples are merely named and not further elaborated, we believe that their applications across ISSAI users' will be very diverse.*

**Question 4:**

*Yes, we believe that the review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1.*

**Question 5:**

*Yes, we agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1, meanwhile we understand that for especially small SAIs this could be too complex. We could propose, for frequency, to use the form of a recommendation.*

**Question 6a:**

*We believe that the date when new the ISSAI will take effect can only be set when all other materials which can support SAIs in implementation will be published.*

**Question 6b:**

*No, we do not have any suggestions for definitions and believe those are comprehensive.*

**Question 7:**

*Please, see comment for Q6a.*

<b>Name of the organisation</b>	<b><i>National Audit Office of Lithuania</i></b>
<b>Date</b>	<i>2023-06-21</i>

**Question 1:**

In principle, yes, but we would like to draw attention to the following aspect.

Paragraph 5 states that "The purpose of ISSAI 140 is to set out the organisational requirements that a SAI shall follow for quality management when claiming compliance with the ISSAIs. ISSAI 140 serves the same purpose as International Standard on Quality Management (ISQM) 1. The principles of the latter are adapted as necessary to apply to SAIs and the public sector context in which they work".

However, neither ISSAI 140 nor ISSAI 100 clearly states whether ISQM 1/2 is directly applied by the SAI, or whether SAI may not apply the provisions of ISQM 1/2 and in which cases and may be limited only to the provisions provided in ISSAI 140 (for example, explanations of how ISSAI 140 should be applied in the case of a financial audit are provided in ISSAI 2000 paragraph: 1-4; 8-10). In addition, it is not clear whether the ISQM 1/2 provisions/requirements not mentioned in ISSAI 140 should be directly applied by the SAI or whether they are not applicable/mandatory. To avoid confusion, it would be appropriate to define this clearly in ISSAI 140.

**Question 2:****Question 3a:**

*Type your reply here*

**Question 3b:**

Paragraph 53 d. states that "the SAI establishes policies and procedures that identify if and when an engagement quality review is an appropriate response to address one or more quality risks " and provided a footnote that " More information can be found in ISQM 2, International Standard on Quality Management 2 *Engagement Quality Reviews* ".

In our opinion, such provision of information/footnote creates uncertainty as to whether the related provisions specified in ISQM 2 are mandatory for SAI and it is not clear to what extent they should be applied. In our view, these requirements either should be clearly developed and presented in ISSAI 140, or a separate guideline should be developed for this purpose, but in any case, clearly noting this in ISSAI 140.

**Question 3c:**

*Type your reply here*

**Question 3d:**

*Type your reply here*

**Question 4:**

In our opinion, ISSAI 140 should define all requirements that must be applied by SAI, and which should be presented in maximum detail, clearly and understandably to all, thus leaving no doubt on the application of ISQM 1/2 provisions and their scope. In other words, ISSAI 140 should provide all applicable and necessary information and that there would be no additional need to refer to ISQM. It

would be useful to apply it to all provisions of ISSAI 140, not only for the review of completed engagements.

In accordance with Paragraph 56, the process of monitoring the quality management system and remedying identified deficiencies, shall include reviews of completed engagements based on established criteria for selecting engagements for review. In accordance with Paragraph 65, the evaluation of effectiveness of the system of quality management shall cover a defined period and be performed at least annually.

It is not clear whether, according to these provisions, in order to evaluate the effectiveness of the quality management system, the completed engagement, as one of the elements of the system evaluation, should be reviewed/evaluated every year or still depending on the risks it can be reviewed less frequently?

In our view, the provisions should be specified and presented more clearly in this respect. It would also be appropriate to clarify and provide a provision as to whether the completed engagement must be evaluated in its entirety, or whether it may not be evaluated in its entirety, but only in some elements, for example, only certain significant elements?

**Question 5:**

*Type your reply here*

**Question 6a:**

*Type your reply here*

**Question 6b:**

The definition of "Engagement quality review" (paragraph 13) states that it is an objective assessment of the significant judgment made by the engagement team and is completed by the date of the audit report.

In our view, it would be appropriate to specify the definition by stating that it is a review of an ongoing task. Also, since it is indicated that the assessment is performed only for "significant judgments", it would be appropriate to clearly specify that the purpose of this assessment is not to evaluate the entire engagement(s), but only significant ones (for example ISQM 2 - paragraph 8: Engagement quality review is not intended to be an evaluation of whether the entire engagement complies with professional standards and applicable legal and regulatory requirements, or with the firm's policies or procedures.).

Paragraph 40 g. states "engagement documentation is assembled on a timely basis after the date of the audit report and is appropriately maintained and retained to meet the needs of the SAI and to comply with law, regulation, relevant ethical requirements, and professional standards".

In our opinion, in the ISSAI 140, it would be useful/necessary to provide provisions on regulating the completion of the final audit file (for example ISQM 1 - A83) and the retention and maintenance of engagement documentation (for example ISQM 1 - A84).

**Question 7:**

Yes

<b>Name of the organisation</b>	<b>Netherlands Court of Audit</b>
<b>Date</b>	20 June 2023

**Question 1:**

*The proposed ISSAI 140 provides SAIs with a structure to develop or adapt a quality management system. However, we do not consider this structure to be sufficient. In our opinion, certain relevant (SAI-specific) requirements and application guidance are missing or not set at the appropriate level. We also believe that the text could be clarified and sharpened in several places. Lastly, we think that SAIs will need more practical guidance to apply this new standard.*

*Below we elaborate on these overarching remarks more in detail and suggest changes. Please see our detailed comments per paragraph for more information on these points and our suggestions for changes to the text in specific places.*

**1) Including more SAI-specific information in certain requirements and/or the application guidance**

*In our opinion more SAI specific information on certain requirements and/or the application guidance is needed and should be included in the new standard, e.g. regarding:*

- *responsibilities within the SAI and their allocation. We believe this is consistent with the increased emphasis that ISQM 1 (and hence this proposed ISSAI) places on assigning responsibilities and holding those responsible accountable. This is not possible if it is not clear who is meant to assume these responsibilities in the specific context of a SAI;*
- *flexibility and scalability options for small and medium-sized SAIs. The introduction (paragraph 4) of the proposed ISSAI 140 states that the new standard allows for “appropriate flexibility”. We support this principle. However, it seems that the requirements are formulated in such a way that they leave little or no room for “scalability” and/or flexibility.*

**2) Aligning the standard more closely with ISQM 1 and including elements from ISQM 1 (and/or the ISQM 1 application guidance) and the current ISSAI 140 which have been omitted but are relevant to SAIs and/or the proper set-up and functioning of a quality management system**

*It would have been useful if the project team had provided SAIs an overview of elements from ISQM 1 that have and have not been incorporated into the proposed standard (with a brief motivation), as well as an overview of differences and similarities between the topics covered in the exposure draft and in the current ISSAI 140. Since these two overviews are not available it was difficult and time consuming to compare the different texts during the exposure period of this standard. We have compared the texts as closely as possible.*

*After this comparison, we have come to the following conclusions:*

*The proposed standard is not completely in line with ISQM 1 in certain paragraphs and relevant elements from ISQM 1 (and/or the ISQM application guidance) have been omitted, e.g.:*

- *the requirement to perform engagement quality reviews,*
- *consideration of positive outcomes (and not just deficiencies) of the monitoring process, and,*
- *the objectivity of the individuals responsible for the monitoring process as well their direct line of communication with the person with ultimate responsibility for the quality management system.*

*Relevant elements of the current ISSAI 140 have also been omitted e.g.:*

- *presenting engagement quality review as a crucial part of the quality management system of SAIs,*
- *mentioning independent academic review as a form of external review, and,*
- *the objectivity of the individuals responsible for the monitoring process and their direct line of communication with the person with ultimate responsibility for the quality management system.*

*We do not know why the elements mentioned above (or others, as our list may not be exhaustive) have been omitted. We propose to include them in the new standard as, in our opinion, they are relevant for SAIs and/or the proper set-up and functioning of a quality management system.*

### **3) Including engagement quality reviews as a requirement and placing more emphasis, in general, on quality measures at the engagement level**

*The proposed ISSAI 140 focuses on the design and implementation of a comprehensive quality management system. Like ISQM 1 it is a process-oriented standard, but in our opinion this focus has been carried through to such an extent that the core of SAI's work (conducting audits and other engagements) and ensuring the quality of this work has become somewhat underexposed compared to the current ISSAI 140, as well as the current and proposed ISSAI 100.*

*Element 5 on page 19 of the current ISSAI 140 states: "SAIs should ensure appropriate quality control policies and procedures are in place (such as supervision and review responsibilities and engagement quality control reviews) for all work carried out (including financial audits, performance audits, and compliance audits). SAIs should recognize the importance of engagement quality control reviews for their work and, where an engagement quality control review is carried out, matters raised should be satisfactorily resolved before a report is issued by the SAI." The current ISSAI 140 (page 6) also refers to standards and guidance on quality control at the individual engagement level.*

*In the proposed ISSAI 140, these clear obligations have been removed; they are not included in the requirements. In paragraph 53 (part of the application material) ISQM 2 is mentioned, but only once and in a footnote. Furthermore, the wording used in the proposed ISSAI 140 (e.g. "examples", "the SAI may...") suggests that these types of review are optional rather than required. This seems to suggest that the bar has been lowered compared to the current ISSAI 140, ISSAI 100 and ISQM 1. Because ISQM 1, paragraph 2 states that "engagement quality reviews form part of the firm's quality management system" and paragraph 26 and 34f state that this type of review is a required response that has to be included. ISSAI 100 paragraph 40 also states that reviews of audits should be performed: "Quality management procedures should cover matters such as the direction, review and supervision of the audit process [...]"*

*We believe engagement quality reviews are an integral part of quality management systems of SAIs and therefore propose they are included as a requirement in the new standard. We would also like to argue that some elements of ISQM 2 should be incorporated into ISSAI 140 as a requirement, most importantly ISQM 1 paragraph 18 which states: "... policies or procedures shall require that the engagement quality reviewer not be a member of the engagement team". In the application material it could be included that the review should be performed timely (as also indicated in paragraph 29 of the application material of ISQM 2).*

### **4) Clarifying and/or sharpening certain passages, terms and definitions**

*We believe it would be helpful if certain passages, terms and definitions were clarified and/or sharpened. We have indicated these in our detailed comments per paragraph. In our opinion it is especially important to further clarify the definitions of Head of SAI, leadership and management, given the emphasis on responsibilities and accountability in ISQM 1 and the proposed ISSAI 140.*

### **5) Developing a separate GUID tailored to SAIs**

*We believe that many SAIs will need more practical guidance to put the organisational requirements of this proposed ISSAI 140 into practice by the proposed effective date of 1 January 2025. We understood from the project proposal for this revision that a GUID was not developed as part of this project. In the absence of such a GUID and given the fact that the "playbook" on quality management that IDI is developing will not be available until sometime in 2024, we expect many SAIs to turn to the ISQM 1 and ISQM 2 application guidance materials in the meantime as a source of information. But this material is not completely appropriate for SAIs. Given the fact that e.g. ISQM 2 is not tailored to SAIs, this could lead to confusion and difficulties. We believe it would be helpful if a GUID, completely tailored to SAIs, were developed and included in the IFPP.*

#### **Question 2:**

*Yes, we agree with the changes in ISSAI 100. The sentence starting with "A SAI's quality management procedures" could be worded a little more fluidly.*

**Question 3a:**

*The proposed structure largely follows the structure of ISQM 1, but as we indicated in our more elaborate response to the first question we did find that certain elements of ISQM 1 (and/or its application guidance), and the current ISSAI 140 that, in our opinion, are also relevant to SAIs, have been omitted from the proposed ISSAI 140. This concerns e.g. the requirement to perform engagement quality reviews, consideration of positive outcomes (and not just deficiencies) of the monitoring process, the objectivity of the individuals responsible for the monitoring process as well as their direct line of communication with the person with ultimate responsibility for the quality management system. The objectivity and direct line of communication are included not only in ISQM 1 but also in the current ISSAI 140. Omitting these elements would seem to suggest a lowering of the bar in this regard. Regarding the engagement quality reviews there also seems to be a difference to what is presented as a requirement in ISSAI 100 paragraph 40 which states: "Quality management procedures should cover matters such as the direction, review and supervision of the audit process [...]" Furthermore, we would like to argue that some elements of ISQM 2 should also be included in ISSAI 140 as a requirement. Most importantly ISQM-1 paragraph 18 which states: "... policies or procedures shall require that the engagement quality reviewer not be a member of the engagement team". In the application material it could be included that this review should be performed timely (as also indicated in paragraph 29 of the application material in ISQM 2).*

**Question 3b:**

Yes.

**Question 3c:**

*Yes. In our opinion, there is one element in the application material that should be elevated to the level of requirements (see also our more elaborate response to the first question). It concerns the engagement quality reviews. We believe that engagement quality reviews are an integral part of a SAI's quality management system. But engagement quality reviews are mentioned only in the application guidance, not in the requirements of the proposed ISSAI 140. Furthermore, the wording used in the proposed ISSAI 140 ("examples", "the SAI may...") suggests that these types of review are optional rather than required. This seems to suggest that the bar has been lowered compared to the current ISSAI 140, ISSAI 100 and ISQM 1. The current ISSAI 140 requires that "policies and procedures shall include review responsibilities" and that "SAIs should recognise the importance of engagement quality control reviews for their work". ISSAI 100 (the current and proposed version) also states that reviews should be performed (ISSAI 100, paragraph 40 "Quality management procedures should cover matters such as the direction, review and supervision of the audit process [...]"). ISQM 1, paragraph 2 states that "engagement quality reviews form part of the firm's quality management system" and paragraph 26 and 34f state that this type of review is a required response that has to be included.*

*We would also like to argue that some elements of ISQM-2 should also make it to ISSAI 140 as a requirement. Most importantly ISQM-1 paragraph 18 which states: "... policies or procedures shall require that the engagement quality reviewer not be a member of the engagement team".*

**Question 3d:**

*Yes. A GUID (see our response to questions 1 and 3a) could also consider risks and responses that are not covered in this revised ISSAI, but could be relevant to SAIs (e.g. risks and responses associated with the outsourcing of audit work).*

**Question 4:**

*Yes. In our opinion, cold reviews of completed engagements have added value that complements the hot quality reviews performed during the audit process. Reviews of completed engagements can give valuable information on the adequacy of the design and implementation of elements of the quality management system as well as the operation of these elements in practice. Furthermore, this type of review can provide information on positive outcomes i.e. things that went well. In our opinion, positive outcomes can also help to improve and or further enhance the quality management system. See also our detailed comments per paragraph and our response to question 1.*



**Question 5:**

*We support the thinking behind the requirement to evaluate the quality management system and we know that this requirement is derived directly from ISQM 1. But in our opinion, this requirement may be too onerous for small and medium-sized SAIs. Are small and medium-sized SAIs able to evaluate and conclude on the entire quality management system and does annual evaluation have added value? Paragraph 66 allows for some scalability, but is that sufficient? We would also like to point out that this requirement could amount to a performance audit of the most difficult kind, where a causal relation has to be established between output (i.e. the performance of the system) and outcome (in this case: “the extent to which its [quality] objectives are being achieved).*

*Furthermore, in our experience it often takes longer than 1 year to remedy deficiencies in the design and operation of a quality management system. An annual evaluation would find little change.*

*Lastly, many SAIs will also periodically ask peers to perform a peer review and the quality management system is a recurring topic in many peer reviews. In combination with an annual evaluation of the quality management system by the SAI itself, this could lead to “evaluation overload” at some SAIs.*

*We would therefore like to suggest to change “annual evaluation” into “periodic evaluation” so that SAIs can decide on the frequency that suits them best.*

**Question 6a:**

*No, we do not entirely agree with your approach regarding the Definitions section.*

*We propose to:*

*- expand the definition of Head of SAI and include a definition of the term leadership.*

*The definition Head of SAI uses the wording “who lead or manage the institution”. This wording suggests that leadership and management of the institution are two separate activities, which are executed by different persons. But it is not clear who exactly are meant. Does “leader” refer to the Auditor General/Board or to the highest ranking executive officer within the SAI? Furthermore, the word “leadership” is used in several places throughout the text (e.g. paragraphs 31, 36b, 36c 46c), but it is not always clear to whom this term refers. We think it would help SAIs if it were made clear who exactly is meant by Head of SAI, leadership and management. We believe this is in the spirit of ISQM 1, which does indicate (in paragraph 20a) who is meant by the person with ultimate responsibility and accountability for the firm’s quality management system (which is the firm’s chief executive officer or the firm’s managing partner or equivalent). We believe that explaining who is meant is also consistent with the increased emphasis that ISMQ 1 (and hence this proposed ISSAI) places on assigning responsibilities and holding those responsible accountable. This is not possible if it is not clear who is meant to assume these responsibilities in the specific context of a SAI.*

*- include a definition of reasonable assurance.*

*The project team decided not to include a definition of the term reasonable assurance because it is defined in ISSAI 100. But no footnote or reference to ISSAI 100 is made in the text. We think it might be helpful to include a definition of this term in the Definitions section in light of the importance given to reasonable assurance (in both paragraph 2 and 8), and the stand-alone readability and usability of ISSAI 140. For comparison, references to other standards in the IFPP are included in the exposure draft with regard to such terms as independence and ethical requirements.*

*- include a definition of professional standards.*

*The project team has decided not to include a definition of the term professional standards, as it is assumed to be self-explanatory. However, the ISQM 1 does contain a definition of this term. Considering that the term is used 6 times in the text, is referred to in the definition of the core concept “quality” and confusion may arise with the standards that are part of the IFPP, we propose including a definition of professional standards.*

*- to clarify or remove part of the definition of engagement quality reviewer*

*The definition of engagement quality reviewer on page 8 states that this reviewer can be either internal or external. In our experience engagement quality reviews are carried out by persons outside the audit team but within the SAI before publication of the audit report. Given the confidential nature of certain information SAIs work with and the requirements these reviewers should meet, we doubt whether it is really an option to outsource this type of review to a person outside the SAI.*

Please also see our detailed comments per paragraph.

**Question 6b:**

*We suggest a rethink of the last part of the definition of the term quality, regarding satisfying stakeholders' needs. Quality is defined in paragraph 18 as: "The extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders' needs". Given that ISQM 1 does not include a definition of quality, we assume the project team has made up this definition. Naturally, SAIs should reach out to stakeholders and be aware of their needs and expectations. But we have doubts about including stakeholder satisfaction in the definition of quality. The reasons behind these doubts are:*

*(1) SAIs have a large number of stakeholder groups, which all have their needs and expectations regarding the work performed and the reports issued by the SAI. These needs and expectations can be conflicting, which is also acknowledged in the literature on SAIs. Therefore satisfying all stakeholder needs (and at the same time) does not seem to be a feasible goal for a SAI;*

*(2) In addition it may be asked whether SAIs can and should strive to satisfy all stakeholders' needs given that in many cases they provide an involuntary service/product (rather than a requested or desired service/product) to certain stakeholders, especially to auditees. An audit report can be of high technical quality (well written, substantiated and so on) and of strategic quality (i.e. concern a relevant subject and be issued on a timely basis), but that does not alter the fact that an audit report might not be well received by auditees because it reveals deficiencies and brings problem areas to light and/or raises questions from Parliament to the responsible minister, and that auditees are therefore not satisfied with it;*

*(3) A SAI's audits could lead to conclusions and recommendations that do not meet the expectations and needs of specific stakeholders (e.g. interests groups).*

**Question 7:**

*The proposed effective date of 1 January 2025 may be challenging for some SAIs, given that a number of organisational requirements are potentially onerous for small and medium-sized SAIs, and practical application guidelines specific to SAIs in the form of a GUID are not yet available.*

<b>Name of the organisation</b>	<i>Office of the Auditor General of Canada</i>
<b>Date</b>	<i>21 June 2023</i>

**Question 1**

Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.

OAG response:

The proposed ISSAI 140 provides some structure, however, there are important missing key concepts.

***Ultimate responsibility and accountability for the system of quality management***

The requirement in paragraph 23 requires the head of the SAI to take ultimate responsibility for the system of quality management but there is no mention about ultimate accountability as in ISQM 1. On the other hand, paragraph 36 b. mentions that leadership, which would include the head of the SAI, is responsible and accountable for quality. This creates an inconsistency between the two paragraphs as it is not clear whether the head of SAI is also ultimately **accountable**. As part of building a strong culture around quality, someone needs to be ultimately accountable for the system. This is in line with ISQM 1's intent to increase emphasis on leadership's accountability. We encourage INTOSAI to consider adding in paragraph 23 that the head of the SAI is also ultimately accountable for the system of quality management.

***Quality objectives should be requirements***

The requirements of paragraph 32 lists the components of the system of quality management that should be addressed by the quality objectives but does not list what those quality objectives should be in relation to the components. The quality objectives in the proposed ISSAI 140 are currently in the application material instead of being included as SAI-specific requirements. This does not provide a robust structure for SAIs to develop a system of quality management given they can choose to omit quality objectives. Quality objectives form the basis for identifying and assessing quality risks and designing and implementing responses. If they are not right from the beginning, the whole system of quality management collapses. Further, if an SAI does not have clear expectations of what the system is trying to achieve, it becomes even harder to evaluate whether there are deficiencies in the system of quality management. We encourage INTOSAI to set quality objectives as requirements.

***Designing and implementing responses***

ISQM 1 requires, at a minimum, the following specified responses in a system of quality management:

- To establish policies or procedures addressing threats to compliance with relevant ethical requirements and breaches of the relevant ethical requirements
- To establish a requirement to obtain confirmation of compliance with independence requirements
- To establish policies or procedures addressing complaints and allegations
- To establish policies or procedures addressing specific matters relating to engagement acceptance and continuance
- To establish policies and procedures addressing communication with external parties
- To establish policies or procedures addressing which engagements need to be subject to an engagement quality review

It is important to note that these specified responses are powerful as they may address multiple quality risks related to more than one quality objective across different components. The proposed ISSAI 140 does not have such requirements. Instead, the application material briefly provides examples of possible responses in four areas (relevant ethical requirements, compliance with independence requirements, complaints and allegations and engagement quality review). Proposed ISSAI 140 would benefit from including, at a minimum, the ISQM 1 specified responses as requirements.

### ***Engagement quality review***

One of the main objective of the new and revised quality management standards released by the IAASB is to improve the robustness of engagement quality reviews. The IAASB decided to create a separate standard for engagement quality reviews to place emphasis on the importance of engagement quality review as a response to quality risks. ISQM 1 **requires** the firm to establish policies and procedures that address engagement quality review. Paragraph 53 d. is the only place in the proposed ISSAI 140 addressing engagement quality reviews and this is not a requirement but an example of a **possible** response to quality risks. This approach appears to go against the intent of the IAASB. Reducing a 19 page standard (ISQM 2) into one sub-paragraph minimize the importance of engagement quality reviews as a contributor to engagement quality. The Explanatory Memorandum states that “In our view, such details [detailed requirements of ISQM 2] should be covered in further guidance to be developed, which should be equally applicable to financial, compliance, performance audits and other assurance related engagements.” We encourage INTOSAI to develop such guidance as part of this project.

### ***Asserting compliance with ISQM 1 and ISSAI 140***

ISSAI 140 requirements alone are not sufficient to comply with ISQM 1. A SAI will be unable to assert that they comply with ISQM 1 while using ISSAIs only. We encourage INTOSAI to consider adding an explicit statement in paragraph 5 stating that SAIs wishing to assert that they comply with ISQM 1 (at the same time as complying with ISSAIs) consider the requirements of ISQM 1.

### ***Conforming amendments to engagement level INTOSAI pronouncements related to quality management***

Engagement level ISAs, such as ISA 220, and ISAEs have been revised as a result of new quality management standards but we have not seen similar revisions to engagement level INTOSAI pronouncements. We encourage INTOSAI to identify conforming amendments to engagement level INTOSAI pronouncements and make revisions to ensure proper alignment with proposed ISSAI 140.

#### **Question 2**

Do you agree with the changes in the ISSAI 100?

OAG response:

While we agree with the addition of the new requirement (paragraph 36) in ISSAI 100 to establish and maintain a system of quality management, the description of the purpose of this requirement is not complete and does not align with the objective of ISQM 1, which is:

ISQM 1.14. The objective of the firm is to design, implement and operate a system of quality management for audits or reviews of financial statements, or other assurance or related services engagements performed by the firm, that provides the firm with reasonable assurance that:

- (a) The firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- (b) Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.

We encourage INTOSAI to also consider adding the underlined elements from the above ISQM 1 objective to the purpose description in paragraph 36 given the purpose of establishing and maintaining a system of quality management is not just about providing reasonable assurance that the SAI carries out all audits at a high level of quality but also that the SAI and its personnel fulfill their responsibilities and that reports issued are appropriate in the circumstances. ISQM 1 puts the concept of responsibility and accountability of the firm and its personnel at the forefront, so should ISSAI 100.

**Question 3**

- a) Do you agree with our approach to structuring ISSAI 140?
- b) Have we set the requirements at the right level?
- c) Do you see any elements of the application material that should be elevated to the level of requirements?
- d) Do you find the examples for responses to quality risks sufficient for identifying responses across components?

OAG response:

- a) Addressed as part of our response to Question 1
- b) Addressed as part of our response to Question 1
- c) Addressed as part of our response to Question 1 re. **Quality objectives should be requirements**
- d) Addressed as part of our response to Question 1 re. **Designing and implementing responses**

**Question 4**

Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?

OAG response:

Yes, we agree that review of completed engagements should continue to be a requirement for SAIs.

However, ISSAI 140 par. 56 and 58 c. only requires establishing criteria for the selection of engagements and does not require establishing criteria for the selection of **engagement partners** while ISQM 1.38 requires to select a combination of engagements and engagement partners. Engagement partners are responsible to manage and achieve quality on the engagement they are assigned to. If the inspection of completed engagements is only focused on selecting engagements, there is a risk that some engagement partners will never be subject to inspection, thus never be held accountable for their responsibility towards quality on their engagements. We encourage INTOSAI to require that criteria be established not only for selecting engagements but also for selecting engagement partners for the purpose of completed file inspections. Selecting a combination of both engagements and engagement partners would help embed quality even more into corporate culture which is the intent of the new quality management standards.

**Question 5**

Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?

OAG response:

Yes, we agree with the requirement to evaluate the system of quality management on an annual basis.

On another note, paragraph 65 states:

**“The person or persons assigned responsibility and accountability** for the system of quality management shall evaluate the system and conclude on the extent to which its objectives are being achieved.”

It is not clear who is responsible for the evaluation, i.e. the person referred to in paragraph 23 or the person(s) referred to in paragraph 28. In our view, it should be the person referred to in paragraph 23, the person who has ultimate responsibility. If the intention is for paragraph 65 to refer to the person(s) in paragraph 28, given paragraph 28 is not a requirement, there is a possibility that nobody would be assigned those responsibilities, in which case, nobody would be responsible for the evaluation. ISQM 1 makes it clear that the individual(s) assigned **ultimate** responsibility and accountability for the system of quality management is responsible to evaluate the system. The use of the word “ultimate” makes clear who we are referring to.

We encourage INTOSAI to clarify that the person assigned **ultimate** responsibility and accountability is the person responsible for the evaluation.

**Question 6**

a) Do you agree with our approach?

b) Do you have any comments/suggestions on the definitions including the new proposed definitions of Culture and Quality?

OAG response:

a) Yes, we agree with your approach to the definitions.

b) See the Annex for comments related to specific definitions.

**Question 7**

Do you agree with setting effective date as one year following the final approval?

OAG response:

Yes, we agree with setting effective date as one year following the final approval.

<b>Name of the organisation</b>	<i>Office of the Auditor General of Norway</i>
<b>Date</b>	<i>15.06.23</i>

**Question 1:**

**Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.**

*The main purpose of changes to ISSAI 140 (and the changes from ISQC to ISQM) is to transform the standard from a "passive" control standard to an "active" management standard. Our understanding is that this means a change in focus from controlling to spending time and resources on operational risk management within a SAI. We would like to commend the work of the new ISSAI 140.*

*Furthermore, we have also seen that if SAIs want, they can implement the ISQM 1. The standard ISSAI 140 "serves the same purpose" as ISQM 1<sup>1</sup> and the ISSAI 140 does not limit the ISQM-1. This is special important for financial audit engagements.*

*The standards have changes from "should" to "shall" requirements; we mean this is a good approach.*

*Please also consider a visualisation of the Quality management in the document.*

**Question 2:**

**Do you agree with the changes in ISSAI 100?**

*We support the change to include the relevant elements from ISSAI 100 into the system of quality management in ISSAI 140.*

**Question 3a:**

**Do you agree with our approach to structuring ISSAI 140?**

*The structure of the document through a clear distinction between "requirements" and "application material" is very good.*

**Question 3b:**

**Have we set the requirements at the right level?**

*Yes, the requirements is at the right level, since they should apply to all types of engagements and all different SAIs.*

**Question 3c:**

**Do you see any elements of the application material that should be elevated to the level of requirements?**

*No. In order to sustain the flexibility of the individual SAI to adapt to its national context, there is no need for more requirements than those presented in the Exposure draft ISSAI 140.*

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<sup>1</sup> International Standard on Quality Management (ISQM-1).

**Question 3d:**

**Do you find the examples for responses to quality risks sufficient for identifying responses across components?**

*We find examples useful for illustration purposes.*

**Question 4:**

**Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1?**

**If not, what is your rationale for moving away from this requirement?**

*Yes, we believe that a review process of completed work is necessary to be able to identify possible deficiencies and implement relevant actions.*

**Question 5:**

**Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?**

*We greatly appreciate the work that has gone into formulating this standard and agree that the evaluation of the quality management system is a critical part of ensuring that the system's objectives are met. We fully support the concept of regular evaluation.*

*However, we would suggest an adjustment to the frequency of the evaluation as stated in the text. Instead of requiring an annual evaluation, we believe it would be more appropriate to conduct evaluations at regular intervals, at least every third year. Not only would this help to lessen the administrative burden for those responsible, but it would also provide a longer period to evaluate the effectiveness of any measures or changes that have been implemented in the system.*

*Furthermore, we believe that it could be helpful to clarify what an "evaluation" of the system entails. We propose that there should be an option for a more cursory review of the system, as opposed to a full-scale evaluation, depending on the complexity and stability of the system.*

**Question 6a:**

**Do you agree with our approach?**

*We believe that it is a good move to change the focus from "Quality control" to "Quality management". This is more in line with our understanding of how quality is created and maintained – and it provides a basis for a clear recognition that quality is the result of staff competencies and effort, and not primarily management control.*

**Question 6b:**

**Do you have any comments/suggestions on the definitions including the new proposed definitions of Culture and Quality?**

*We appreciate the efforts made to elaborate on key concepts, such as 'culture' and 'quality'. We have a few comments to the definitions presented in the new ISSAI 140, that you may want to consider:*

*Culture is defined as «operating environment encompassing behavioural norms and shared ethics, vision, mission, beliefs and core values, goals, attitudes, competencies, procedures, policies and practices, and communication that characterise a SAI and how it operates.» We perceive that this definition captures many important aspects of an organization's culture and control environment. Our feedback is that these cultural elements, overall, have been given too little and weak space in quality management system.*



*Quality is defined as «the extent to which the work performed and reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements and satisfy stakeholders' needs». In our opinion, the concept of quality should be clearly anchored in INTOSAI-P 12, Principle 11: Striving for service excellence and quality. In our opinion, the proposed definition emphasises compliance and stakeholder needs, while key professional and analytical elements/processes are not given the necessary attention.*

**Question 7:**

**Do you agree with setting effective date as one year following the final approval?**

*We agree that the new ISSAI 140 should take effect one year following the final approval, tentatively 1. January 2025.*

<b>Name of the organisation</b>	<i>Portuguese Court of Auditors</i>
<b>Date</b>	<i>2023-05-19</i>

**Question 1:**

*Yes, the Portuguese Court of Auditors considers that the ISSAI 140 framework, if well implemented, will be sufficient to develop a system of quality management. The proposed text reflects, in general, the principles and the requirements set out in the International Standard on Quality Management (ISQM) 1, our understanding and intended high-quality approach. In fact, in line with the International Standards on Quality management, the Portuguese Court of Auditors believes it is likely that better quality will be achieved when audit teams have demonstrated the following:*

- Appropriate values, ethics, and attitudes;*
- Governance and leadership;*
- Adequate knowledge, skills and experience and enough time and resources to perform the audit engagement;*
- Application of an audit process and control procedures for quality that comply with applicable legal and regulatory standards;*
- Elaboration of appropriate, useful, and timely reports;*
- Appropriate interaction with stakeholders in the audit process relevant.*

*Finally, this standard should be read in together with relevant ethical requirements.*

**Question 2:**

*Yes, the Portuguese Court of Auditors agrees. In addition, the detailed requirements of the ISQM 2 can be covered by further guidance to be developed and shared. The Portuguese Court of Auditors would like to emphasize that, in the specific case of SAIs, selection of the work quality reviewer should include consideration of the need for independence and the ability of the work quality reviewer to provide an objective and high value assessment.*

**Question 3a:**

*Yes, the Portuguese Court of Auditors agrees.*

**Question 3b:**

*Yes, the Portuguese Court of Auditors considers that you have set the requirements at the right level/standard.*

**Question 3c:**

*The Portuguese Court of Auditors thinks that elements of the application material should be kept from the level of requirements.*

**Question 3d:**

*The Portuguese Court of Auditors thinks that examples for responses to quality risks are sufficient for identifying responses across components. The information in ISSAI does not have to be exhaustive.*

**Question 4:**

*Yes, the Portuguese Court of Auditors agrees.*

**Question 5:**

*Yes, the Portuguese Court of Auditors agrees.*

**Question 6a:**

*Yes, the Portuguese Court of Auditors agrees with your approach.*

**Question 6b:**

*The Portuguese Court of Auditors has no comments and thus agrees.*

**Question 7:**

*Yes, the Portuguese Court of Auditors agrees. Setting the effective date as one year following the final approval is timely enough and appropriate.*

<b>Name of the organisation</b>	<i>State Audit Bureau, Qatar</i>
<b>Date</b>	<i>18 April 2023</i>

**Table -2: The SAB, Qatar responses on Explanatory memorandum questions**

<b>Question No.</b>	<b>Description</b>	<b>SAB comments</b>
Question 1	Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples	Yes., Draft ISSAI 140 is clear, useful and accessible for SAIs that seek compliance with the ISSAIs. Thus, it fits well into the revised INTOSAI framework.
Question 2	Do you agree with changes in ISSAI 100?	Yes. The content of ISSAI is consistent with ISSAI 100
Question 3	a) Do you agree with our approach to structuring ISSAI 140? b) Have we set the requirements at the right level? c) Do you see any elements of the application material that should be elevated to the level of requirements? d) Do you find the examples for responses to quality risks sufficient for identifying responses across components?	(a). Yes, we do agree with the approach to structuring. (b) We do not have any comments on setting of requirements. (c)No. (d) . Examples for responses to quality risks included in the draft are sufficient for identifying responses across components
Question 4	Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?	Yes, we do agree that review of completed engagements should continue to be a requirement for SAIs
Question 5	Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?	Periodic performance evaluations promote accountability. However, more flexibility may be given to SAI in determining the periodicity to evaluate the system of quality management (say one in three years) considering the different environment/ resource level at which SAIs are operating. .
Question 6	a) Do you agree with our approach? b) Do you have any comments/suggestions on the definitions including the new proposed definitions of <i>Culture and Quality</i> ?	Yes, we do agree with the approach and We do not have any suggestion on proposed definitions of Culture and Quality?
Question 7	Do you agree with setting effective date as one year following the final approval?	We agree with setting effective date as one year following the final approval.

<b>Name of the organisation</b>	<i>SAI China</i>
<b>Date</b>	<i>30 May 2023</i>

Dear colleagues,

Thank you very much for sharing the exposure draft of ISSAI-140.

The SAI China has no comment and amendment proposal to the exposure draft.

With best regards

<b>Name of the organisation</b>	<i>The Supreme Audit Office of the Czech Republic</i>
<b>Date</b>	<i>24.4.2023</i>

**Question 1:**

*In our opinion, the proposed ISSAI 140 provides sufficient structure for our SAI to develop a system of quality management.*

**Question 2:**

*We agree with the changes in the ISSAI 100.*

**Question 3a:**

*We agree with your approach to structuring ISSAI 140.*

**Question 3b:**

*In our opinion, you set the requirements at the right level.*

**Question 3c:**

*No, we don't see any elements of the application material that should be elevated to the level of requirements.*

**Question 3d:**

*We find the examples for responses to quality risks sufficient for identifying responses across components.*

**Question 4:**

*We agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1.*

**Question 5:**

*We agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1.*

**Question 6a:**

*We agree with your approach.*

**Question 6b:**

*We don't have any comments/suggestions on the definitions including the new proposed definitions of Culture and Quality.*

**Question 7:**

*We agree with setting the effective date as one year following the final approval.*

<b>Name of the organisation</b>	<i>The Accountability State Authority "ASA" of Egypt</i>
<b>Date</b>	<i>22/6/2023</i>

**Question 1: Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.**

Yes, the proposed ISSAI 140 provides sufficient structure for the development of a quality management system.

**Question 2: Do you agree with the changes in ISSAI 100?**

Yes, the ASA agrees with the changes in ISSAI 100.

**Question 3:**

**a) Do you agree with our approach to structuring ISSAI 140?**

**b) Have we set the requirements at the right level?**

**c) Do you see any elements of the application material that should be elevated to the level of requirements?**

**d) Do you find the examples for responses to quality risks sufficient for identifying responses across components?**

- a. Yes, the ASA agrees with the approach to structuring ISSAI 140 with the proposal that it would be divided like the Quality Control Standards into two parts by retaining the old standard and inserting the additions in the new standard and numbering it 141 to focus on quality assurance?
- b. Yes, the requirements are set at the correct level.
- c. No.
- d. Yes, enough.

**Question 4: Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?**

Yes, the ASA agrees on that.

**Question 5: Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement**

- The ASA does not agree to the requirement that the quality management system be evaluated on an annual basis, but it proposes that the quality management system would be evaluated periodically every 3-5 years according to the organization's vision.
- The changes in the quality management systems become fewer from year to year.

**Question 6:**

**a) Do you agree with our approach?**

**b) Do you have any comments/suggestions on the definitions including the new proposed definitions of *Culture and Quality*?**

a. Yes, the ASA agrees with your approach

b. The ASA has no comments with regard to the current definitions, however, we propose adding new definitions.

**Question 7: Do you agree with setting effective date as one year following the final approval?**

The ASA agrees to set the effective date at one year after the final approval.



<b>Name of the organisation</b>	<i>SAI Oman</i>
<b>Date</b>	<i>28/5/2023</i>

Dear Colleagues,

Hope this email finds you well.

We have forwarded the new exposure draft to the concerned and would like to inform you that they had no comments or remarks.

Kind regards,

<b>Name of the organisation</b>	SAI SOMALIA
<b>Date</b>	21/6/2023

**Question 1:**

The proposed ISSAI 140 provides sufficient structure for our SAI in developing the system of quality management because it helps in using the new fundamental principles which reflects the national standard and best practice for SAIs.

**Question 2:**

*Yes we agreed upon you*

**Question 3a:**

There are no comments on approached to this structure of ISSAI140 according to us,

**Question 3b:**

In setting the requirements at the right level, there has been slightly changed that was made for example adding element 7 that can somehow help some SAIs might have much understand for those requirements,

**Question 3c:**

) In the element, I have seen, it added one more element which is, the documentation for the system of quality management although it was derived from ISSAI 100 and it is fitted in here when it comes things related for the quality

**Question 3d:**

the assessed risk related to the quality objectives and the nature and circumstances of your organization that will drive the level of detail required for the responses, for responses to quality risks sufficient for identifying responses across components is to analysis the risks, sometimes the risk might have various or fixed components. For example, the risk needs to make an assessment to identify the process to present it, or to manage or in place the procedures to minimize the damage and approach to acknowledging and addressing risk

**Question 4:**

We propose the completed engagements review should continue to be requirement for SAI's in case of a rise some challenges that needs to be changed in accordance with IAQM1

**Question 5:**

*It is fine to take the requirement to evaluate the system of quality management on an annual basis if it is effectively done*

*The International Standard on Quality Management (ISQM) deals with an organization or firm's responsibilities to design, implement and operate a system of quality management for audits or*

*reviews of financial statements, or other assurance or related services engagements. As to Engagement quality reviews,) ISQM 2 deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review Include requirements for engagement partners and other engagement team members regarding quality management at the engagement level. but we would suggest to include those were not in, because it may facilitate the reader and the SAI's itself and can help it a lot in applying*

**Question 6a:**

We agreed upon this suggestion, this standard of ISSAI 140 will be effective after one year and the revised period should be three years after endorsement and I believe that SAIs will need time to consider the ISSAI 140 requirements

**Question 6b:**

In Culture and Quality? This is an atmosphere where team members unaffectedly care about the quality of their work, and make decisions based on accomplishing that level of quality and the SAIs normally they do this culture in order to get or have productivity quality and that may create to work the SAI in good environment so I do not have a different definition from the updated one

**Question 7:**

we have no Question if not arisen any challenges or change

<b>Name of the organisation</b>	<b><i>Auditor-General South Africa</i></b>
<b>Date</b>	<b><i>18 April 2023</i></b>

- 1. Question 1: Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.**

The ISSAI provides sufficient structure to develop a System of Quality Management (SOQM). However, we noted that the structure of the proposed standard is not exactly the same as the ISQM, which will require private sector auditors auditing in the public sector to adapt the structure of their programmes and methodologies which will be based on the IAASB structure.

Furthermore, as noted under our overall comments, the application material could be expanded to include examples of specific situations which exist in the public sector. For example, under paragraph 38, the Acceptance, Initiation and Continuance of engagements could clarify or further explain why the considerations in the private sector do not apply in the public sector, and the origin of the mandates being in specific legislation.

- 2. Question 2: Do you agree with the changes in the ISSAI 100?**

We agree with the changes to ISSAI 100, *Fundamental principles of public sector auditing*, but recommend that paragraph 40 should be amended to also include the other engagements which the SAI undertakes, as included in the proposed title (see 3 under Overall Comments above).

We note from experience the importance of Engagement Quality Reviews (ISQM 2) is often underestimated and should receive more emphasis than only a reference to the ISQM 2 standard.

- 3. Question 3:**

- a. Do you agree with our approach to structuring ISSAI 140?**
- b. Have we set the requirements at the right level?**
- c. Do you see any elements of the application material that should be elevated to the level of requirements?**
- d. Do you find the examples for responses to quality risks sufficient for identifying responses across components?**

It would have been preferable if the ISSAI was structured along the same format of the ISQM (see our response to Question 1 above). As the requirements are derived from ISQM 1, they are at the right level. However, the importance of the following could be highlighted to a greater extent (not necessarily elevated):

- Tone at the top / Governance and Leadership (note that quality objectives are not necessarily associated with Governance and Leadership as indicated in the proposed standard)
- Professional Scepticism and professional judgment
- Consultation
- Engagement Quality Reviews (see response to Question 2 above).

**4. Question 4: Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?**

While it is important to select completed engagements for reviews, more firms are also performing ‘in-flight’ reviews, which refers to reviews which are performed while the audit is in progress (considering independence requirements). This is to promote the development of timeous responses to identified deficiencies.

The change from ‘across the range of work carried out by the SAI’ to ‘established criteria for selecting engagements for review’ should not diminish the importance of selecting engagements across the range of engagements performed by the SAI, and it is recommended that ISSAI 140 provides guidance and examples of criteria for selecting engagements for review, which should be linked back to risk.

**5. Question 5: Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?**

We agree to evaluate the SOQM on an annual basis, but nothing should prevent the SAI from performing an evaluation should the need arise (for example, when there has been extreme reputational damage to the SAI which resulted from poor audit quality)

**6. Question 6:**

**a. Do you agree with our approach?**

**b. Do you have any comments/suggestions on the definitions including the new proposed definitions of Culture and Quality?**

Concepts such as professional scepticism, professional judgment, ethics and independence are particularly important in the context of audit quality, and we recommend that these definitions are included even though they might appear in other standards.

ISQM does not have a definition for ‘quality’ or ‘audit quality’, and there is a risk that the definition in the ISSAI might be incomplete. For example, it might need to include a reference to ethics as requirements in standards and legislation might have been complied with, but an audit failure might still occur due to a lack of independence. While ‘professional standards’ may include a code of ethics, it might be useful to specify a code of ethics in addition to the auditing standards or the fact that ISSAI includes the Code of Ethics.

**7. Question 7: Do you agree with setting effective date as one year following the final approval?**

It is not ideal that the ISSAI has an effective date which does not coincide with the effective date of the ISQM, so including the option for early adoption is supported.

**CONCLUSION**

Therefore, please find above our review inputs into the ED ISSAI 140. It should be noted we reviewed this standard from our own experience as an SAI and our SAI quality management system is based on ISQM 1 & 2 and ISA 220 quality management principals.

<b>Name of the organisation</b>	<i>Swedish NAO</i>
<b>Date</b>	<i>21th of June 2023</i>

**Question 1:**

*The Swedish NAO finds that the proposed ISSAI 140 provides sufficient structure for SNAO to develop a system of quality management.*

**Question 2:**

*We have looked in the draft document with date 230210 (Amendments to ISSAI 100 for FIPP) and agree with the changes.*

**Question 3a:**

*We agree with your approach to the structuring of ISSAI 140. However, it is possible that chapter 5 would gain from having a preamble for each element, stating why it is necessary to have the suggested routines in place. What is it they should secure? Sometimes a text that could serve as a preamble comes under application material. See § 57, a paragraph that could serve as a preamble right above the heading of chapter 5, Organizational requirement*

**Question 3b:**

*Yes, we think so.*

**Question 3c:**

*No.*

**Question 3d:**

*Yes, we assess that the examples are sufficient. Under the element concerning communication, the examples are possibly on a somewhat metalevel. They might gain from becoming a bit more precise. Or, maybe a preamble would solve that?*

**Question 4:**

*Yes, we agree that review of completed engagements should continue to be a requirement. It gives an idea of level of quality. The challenge is possibly that the comments or actions taken will be directed solely towards a specific auditor, rather than towards the quality management system.*

**Question 5:**

*Yes, we agree.*

**Question 6a:**

*Yes.*

**Question 6b:**

*No.*

**Question 7:**

*Yes.*

<b>Name of the organisation</b>	<i>Ukraine</i>
<b>Date</b>	<i>2023</i>

### The comments about all content of ISSAI 140

Does the proposed ISSAI 140 provide sufficient structure for your SAI to develop a system of quality management? If not, what would you like to see included as SAI-specific requirements or application material in ISSAI 140? Please provide examples.

**Yes, it does**

Do you agree with the changes in the ISSAI 100?

**Yes, we do.**

a) Do you agree with our approach to structuring ISSAI 140?

**Yes, we do.**

b) Have we set the requirements at the right level?

**Yes, the requirements are set at the right level**

c) Do you see any elements of the application material that should be elevated to the level of requirements?

**No, we don't.**

d) Do you find the examples for responses to quality risks sufficient for identifying responses across components?

**Yes, we do.**

Do you agree that review of completed engagements should continue to be a requirement for SAIs and in accordance with ISQM 1? If not, what is your rationale for moving away from this requirement?

**Yes, we do.**

Do you agree with the requirement to evaluate the system of quality management on an annual basis, per analogy with the ISQM 1? If you do not agree, what justification do you consider makes it appropriate to move away from the ISQM 1 requirement?

**No, we don't.**

**We believe tthis would be a violation of the principle of independence of the SAI. We suggest replacing "on an annual basis" with "regularly, with a period determined by the SAI".**

a) Do you agree with our approach?

**Yes, we do.**

b) Do you have any comments/suggestions on the definitions including the new proposed definitions of Culture and Quality?

**Yes, we have a comment on the definition of Engagement.**

**Considering that the quality management system should be comprehensive, we suggest replacing "within the scope of the ISSAIs" in the definition with "within the SAI's legal mandate"**

Do you agree with setting effective date as one year following the final approval?

**Yes, we do**

<b>Name of the organisation</b>	<i>The Chamber of Accounts of the Kyrgyz Republic</i>
<b>Date</b>	<i>3 May 2023</i>

Dear colleagues,

The Chamber of Accounts of the Kyrgyz Republic has no suggestions and comments on the draft ISSAI 140 "Quality Management for SAIs".

We highly appreciate your work and the efforts you have put into this project. We look forward to further cooperation and are ready to provide any necessary support.

with best regards,