

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
Swedish National Audit Office	General Comment	<p>A general comment from Swedish NAO is that CAS could consider to develop more specific requirements (shall-requirements) on level 4 and additional application material, similar to the standards for financial audit for example. For instance, we would recommend the CAS to keep the broad, overall requirements under each main concept in ISSAI 4000 (for example Audit objective, Planning etc.) and then followed by specific sub-requirements which will operationalize the overall requirements. The sub-requirements should be more practical/detailed and will in overall respond to the fulfillment of the overall requirement. These sub-requirements should also be mandatory to fulfill. As for the application material, there is a lot of valuable information which could be used by CAS.</p> <p>The value created by adding more specific requirements would possibly be a more transparent interpretation of the principle based requirements in the ISSAI 400 but also ensure more consistency in the audits. Development of application material is a crucial part which would assist the auditor in the interpretation of the requirements, throughout the standard. Though the application material, if added, should be clearly linked to each requirement. CAS could consider to use the information in the already existing ISSAI 4000-series.</p> <p>A general comment from Swedish NAO is that CAS could consider to develop more specific requirements (shall-requirements) on level 4 and additional application material, similar to the standards for financial audit for example. For instance, we would recommend the CAS to keep the broad, overall requirements under each main concept in ISSAI 4000 (for example Audit objective, Planning etc.) and then followed by specific sub-requirements which will operationalize the overall requirements. The sub-requirements should be more practical/detailed and will in overall respond to the fulfillment of the overall requirement. These sub-requirements should also be mandatory to fulfill. As for the application material, there is a lot of valuable information which could be used by CAS.</p> <p>The value created by adding more specific requirements would possibly be a more transparent interpretation of the principle based requirements in the ISSAI 400 but also ensure more consistency in the audits. Development of application material is a crucial part which would assist the auditor in the interpretation of the requirements, throughout the standard. Though the application material, if added, should be clearly linked to each requirement. CAS could consider to use the information in the already existing ISSAI 4000-series.</p>		
Swedish National Audit Office	Para 24-25 the use of Normative criteria	<p>The ED 4000 § 24 states that the auditor can use normative criteria (general principles governing financial management, professional and ethical conduct of public officials, named propriety) as the source of audit criteria. Using normative criteria could be far more complex compared to using formal criteria considering that normative criteria could be written as a behavioural rule without any general or specific defined criteria for when the entity is overriding the norm. Normative criteria may open to individual interpretations by the auditor. It becomes a very difficult situation for the auditor since the standard states that the auditor should either give a limited or reasonable assurance. In the long run, this could cause inconsistency in the conclusions/opinions/assurance statements. The auditor will have to become the one who set boundaries for what is acceptable, and that might not be the intention.</p> <p>We would like to see further clarifications of on how to use normative criteria in a compliance audit. Additional guidance is also needed for how to consider materiality and assess deviations from those criteria. We believe that it is important to emphasise that criteria has to be suitable which means relevant, reliable, complete, objective, understandable, comparable, acceptable and available.</p> <p>Swedish NAO would also like to refer to how these situations have been resolved in the financial audit. The ISSAI 1240 Auditors Responsibilities relating to Fraud in an Audit of Financial Statements, states in the Practice Note (PN) that there might be general public expectations for the public sector auditors to report any non-compliance with authorities detected during the audit or on the effectiveness of the internal control. With reference to the Lima Declaration and the statements of abuse the PN highlights that the auditor should keep his/her eyes open during the whole course of audit for any indication of abuse or improper behaviour (normative criteria). This means that the auditor keeps his/her eyes open and reports observations on non-compliance with criteria which could be characterized as normative. If the auditor makes observations related to abuse or similar the auditor would report those in a separate report, without any affection on the opinion. The only exception is when the abuse is material and the materiality criteria is set by practicing the standard ISSAI 1320 Materiality in Planning and Performing an Audit.</p> <p>If CAS considers the financial audit model, the standard could read as follows: "Whereas compliance is concerned with compliance with appropriate authorities (laws and regulations), propriety is concerned more with standards of conduct, behaviour and corporate governance. It includes matters such as fairness, integrity, the avoidance of personal profit from public business, even-handedness in the appointment of staff, etc. Propriety may not be readily susceptible to objective verification and therefore may not be expressly covered in the opinion. When issues of propriety come to light in the course of the audit, the auditor considers whether, and if so, how they may be reported. If CAS considers this option, then paragraph 24-25 needs to be re-written.</p>		
Swedish National Audit Office	Core concepts – clarifications	<ul style="list-style-type: none"> • Limited and reasonable assurance • Understanding the entity and its environment including the internal control • Materiality • Audit criteria • Subject matter <p>The concepts of limited and reasonable assurance are essential in the standard, but the differences between these two concepts are not specified in terms of nature, timing and extend of the audit procedures to be performed for respectively assurance. The Swedish NAO believes that this is crucial for the understanding of the both concepts and to ensure that the audit performed is relevant and qualitative in relation to the assurance provided by the auditor. Normally a reasonable assurance would require more audit evidence which often means more extended audit procedures, for example, in matters of risk assessments, a better understanding of the entity environment, the evaluation of the design of the internal control system etc.</p> <p>Materiality, audit criteria and subject matter are core concepts for a compliance audit and it is important that the auditor understands the applicability of those and gets enough of guidance on how to be applied. Swedish NAO would like to suggest further clarifications on the use of materiality and how to evaluate proper audit criteria and perhaps also further guidance on how to formulate subject matters.</p> <p>The understanding of the entity, its environment and internal control system is a relevant part of a compliance audit. Though the standard does not give enough guidance on how much understanding the auditor needs, in relation to the assurance provided, and how the internal control system could be evaluated. CAS could consider to use the application material from the standards for financial audit, and especially from ISSAI 1315 Identifying and assessing the risk of material misstatement through understanding the entity and its environment.</p>		
Swedish National Audit Office	Gathering audit evidence	<p>The standard states that the audit evidence could be gathered by using a variety of methods such as observations, inspections and use of sampling, but the application material (guidance) provided for application of these is limited. Since these are similar methods used in financial audit, but also in performance audit, CAS could consider to use some of the information from other standards, where relevant, to further assist the auditor. CAS could also consider to use already existing material in the 4000-series.</p> <p>We sincerely hope that our comments could contribute to CAS further deliberations and discussions. If you have any questions about our comments you are mostly welcome to contact us.</p>		
Tribunal de Contas - Portugal		<p>We are pleased to notice that the exposure draft of ISSAI 4000 encompasses most of the suggestions made by the Portuguese SAI along the process of building these new Guidelines, comprising the specificities of the Court Model SAIs.</p>		
Tribunal de Contas - Portugal	Para 88	<p>we still feel the need to improve both paragraph 24 and paragraph 88 of the exposure draft. Beginning with the latter, we suggest that it should be rephrased as bellow, in order to become compatible with the hierarchy of the sources of law.</p> <p>"88. Audit criteria may include the Constitution, the international treaties, including, among others, the treaties creating international or supranational organizations, the treaties with binding fiscal or budgetary content, legal ruling issued by the competent institutions of international or supranational organizations with direct and binding effect in the legal order of the each member State, laws and regulations issued by the competent institutions of each State, in compliance with their Constitution, including the by constitutional budgetary laws, the annual budgetary laws, other laws, regulations with financial effect in the public management, public governance, public procurement, conflict of interests, safeguard of public monies and public assets prevention and detection of fraud and corruption and relevant accounting principles. They may also comprise authoritative decisions taken by international, supranational or national courts, as deriving from the Constitution and the international treaties that empower those courts. Finally, they may also comprise governmental or ministerial directives, guidelines and agreed upon terms and conditions."</p>		
Tribunal de Contas - Portugal	Para 24	<p>As for paragraph 24, we believe that it should also refer to the same sources of law, and with the same order as set in paragraph 88, since it is the first time in the ISSAI that we, although with a different wording, write about audit criteria. Therefore, a redrafted paragraph 24 should, in our view, be as follows:</p> <p>"24. (...) The main objective of compliance auditing is to provide the legislature and other intended users with information on whether the audited entity follows the Constitution, the international treaties, including, among others, the treaties creating international or supranational organizations and the treaties with binding fiscal or budgetary content, legal ruling issued by the competent institutions of international or supranational organizations with direct and binding effect in the legal order of each member States, laws and regulations issued by the States in compliance with their Constitution, including the by constitutional budgetary laws, annual budgetary laws, and all laws and regulations with financial effect in public management, public governance, public procurement, conflict of interests, safeguard of public monies and public assets prevention and detection of fraud and corruption, and relevant accounting principles, authoritative decisions taken by international, supranational or national courts, as deriving from the Constitution and the international treaties that empower those courts and at last governmental or ministerial directives, guidelines and agreed upon terms and conditions."</p>		
Tribunal de Contas - Portugal	Para 167	<p>We also suggest, as in our former e-mail before the exposure draft, that paragraph 167 could be reviewed according to paragraph 32, second bullet, of ISSAI 100, thus conveying SAIs the possibility of communicating assurance in other forms.</p>		

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National Audit Office of Finland	General remarks	The draft has a clear and logical structure. We find it good that there will be one standard instead of the previous three, as previous standards were overlapping to some extent. To our delight we found that from the draft there have rightly been removed sections, which were derived from the ISA standards and did not fit well with compliance audit. As an improvement can also be considered that the revised standard allows more flexibility in different ways to implement compliance audit. The paragraphs concerning the SAIs with jurisdiction powers could be distinguished entirely in italics, not only the title but the entire text.		
National Audit Office of Finland	Para 45	According to the draft as part of the planning stage, the auditor considers the risk of fraud and documents the considerations in the audit file. The manner in which the documentation is to be carried out, may have been intentionally left open?		
National Audit Office of Finland	Para 58	On the basis of the text, it remains unclear by whom the quality control procedures are performed.		
Audit Office of the Republic of Cyprus		We would like to inform you that we have no comments regarding the revised ISSAI 4000 (Compliance Audit Standard).		
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 64	we suggest revising the second sentence as follows: "complete the documentation of the evidence supporting the audit findings before the audit report is issued."		
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 67 and 69	We suggest, for consistency throughout the ISSAI, replacing "working papers" with "evidence" in paragraph 67 and with "audit documentation" in paragraph 69.		
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 83	We suggest adding "specific" before "subject matter"		
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 99h	we suggest deleting the first word, "Severe."		
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 103	we suggest replacing "conclude that" with "determine whether."		I have just some questions for clarification (CAS secretariat: In paragraph 103 and 104 we wanted the auditor to conclude. In para 103 you suggest to use the words: determine whether ... We have had a lot of discussions about giving conclusions. After you have analyzed the evidence, agreed on the findings and concluded, is it than right to say determine after you have done these analyzes? Answer from GAO: A possible fix could be to break the language into two sentences: "In a reasonable assurance engagement, the auditor gathers sufficient and appropriate evidence to conclude whether the subject matter complies in all material respects with identified suitable criteria. In this instance the auditor gives a report in the form of a positive assurance."
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 104	we suggest replacing "conclude that nothing" with "convey whether anything."		Question from the CAS secretariat: In para 104 you suggest to use the words: convey whether anything instead. Wouldn't that give the opposite meaning? Answer from GAO: A possible fix could be to reword, as follows: "In a limited assurance engagement, the auditor gathers sufficient appropriate evidence to address the engagement objective; however the procedures are limited compared to what is necessary in a reasonable assurance engagement. The auditor then concludes, if appropriate, that 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."
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 106	We suggest revising paragraph 106 as follows: "... the nature and extent to which evidence gathering procedures will be performed to appropriately address the audit risk."		
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 110	At the end of paragraph 110, we suggest rephrasing the language to read to "avoid misinterpretation of the extent of analysis performed."		
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 112h	We suggest revising paragraph 112h to read "entities covered by the audit."		
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 133	we suggest revising the second sentence to read: "Depending on the subject matter, interviews and questionnaires may not be sufficient and appropriate evidence on their own."		Question from CAS secretariat: Would it add value to put scope there too, "depending on the subject matter and the scope". Answer from GAO: Yes, we agree that adding "and the scope" in para 133 would add value.
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 135	We suggest changing "cannot" in the last sentence of paragraph 135 to "may not." Depending on the nature of the non-compliance, analytical procedures may provide sufficient, appropriate evidence.		
GAO - U.S. GOVERNMENT ACCOUNTABILITY OFFICE	Para 151	We suggest removing "on the basis" from the end of paragraph 151		
Superior Audit Office of Mexico		We would like to inform you that we have no comments regarding the revised ISSAI 4000 (Compliance Audit Standard).		
Office of the Auditor General in Norway	General Comment	The document contains both English and American language (for example s vs. z). Suggests the document to be written in British English.		
Office of the Auditor General in Norway	Para 7	first sentence: "at least" three parties? Will always be three and only three parties?		
Office of the Auditor General in Norway	Para 7a	Perhaps better to define "responsible party" the way it is done in Financial Audit? It is conceivable that "responsible party" can be others than "the executive branch of central or local government and/or its underlying hierarchy of public officials and entities"?		
Office of the Auditor General in Norway	Para 24	first sentence: "entity"? "public entities better?"		
Office of the Auditor General in Norway	Para 25	unclear what propriety covers - both "general principles governing financial management" and "the professional and ethical conduct of public officials"? Or just the last part of the sentence? Should only cover "the professional and ethical conduct of public officials"?		
Office of the Auditor General in Norway	Para 30	second sentence - a bit awkward language.		
Office of the Auditor General in Norway	Para 41	Is it possible "to anticipate known risks"? Known risks are, well, known... However, it is possible to anticipate the consequences of known risks. Also, the last sentence needs a language makeover.		
Office of the Auditor General in Norway	Para 42	a bit awkward language		
Office of the Auditor General in Norway	Heading para 47	The heading before para. 47 is not comprehensible: Selection of significance of subject matter(s) (page 6)		
Office of the Auditor General in Norway	Para 47	delete "the" before subject matter(s)		
Office of the Auditor General in Norway	Para 48	language, "discretion over the coverage"? "discretion to select" better?		
Office of the Auditor General in Norway	Para 55	better to use "exercise professional skepticism"?		
Office of the Auditor General in Norway	Para 58	Who is the auditor here? Shall an auditor (regardless of position) take full responsibility for "overall quality"? This is a responsibility for the SAI? Or does "the auditor" in this context also include the auditor general?		
Office of the Auditor General in Norway	Para 62	Domain expertise? A peculiar concept. Also, finds it somewhat remarkable that auditing skills and skills regarding data collection/-analysis is not mentioned.		
Office of the Auditor General in Norway	Para 76	Is the figure to have two "Planning" arrows? The "gathering" could be called "data collection", or perhaps "Gathering evidence"?		
Office of the Auditor General in Norway	Para 81 and 82	Overlap		
Office of the Auditor General in Norway	Para 83	audit topic - is not clear what "audit topic" really covers as a concept. Could be explained the first time the concept is used in the document. For example, not clear how topic relates to subject matter.		
Office of the Auditor General in Norway	Para 91	On propriety: Better coherence between paras 25 and 91?		
Office of the Auditor General in Norway	Para 92	Did not really understand what para 92 implies...		
Office of the Auditor General in Norway	Para 93	Language: relevant, complete etc. will be characteristics - not relevance, completeness etc.		
Office of the Auditor General in Norway	Para 95	First time "Audit questions" is mentioned in the document, and really not properly explained. Para 84 states that "The main subject matter can be split into several underlying subject matters" Will not these sub-subjects be the same as audit questions? Or?		
Office of the Auditor General in Norway	Para 102b	Engaging party- a bit peculiar concept in this context. Who will that be?		
Office of the Auditor General in Norway	Para 106	replace endeavour with perform?		
Office of the Auditor General in Norway	Para 106	He or she HAS (not have)		
Office of the Auditor General in Norway	Para 107	awkward language		
Office of the Auditor General in Norway	Para 111	Describe or describes? Probably describe?		

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Office of the Auditor General in Norway	Para 118	Sufficiency is a measure of the quantity of evidence needed (not used) to support the findings and conclusions		
Office of the Auditor General in Norway	Para 129	Second sentence: Entities? Entities? Entity's? What is correct? And, last sentence: language, better with "... gathering evidence of both quantitative and qualitative nature?"		
Office of the Auditor General in Norway	Para 136-142	Is it really necessary to include a requirement about statistical sampling? In compliance audit this will be one of many possible quantitative techniques? Also, the text is rather imprecise on what sampling is. The text treats sampling as statistical sampling; a method for making statistical generalizations/inferences about the population. This does not need to be the case. The theme is also a bit technical and thus does not belong in a standard text? Suggests to take out this requirement, including the explanations. Or if you want to keep it, make the text more general and/or precise. For example: If you select certain informants for qualitative interviews from a range of possible informants, you have also drawn a sample.		
Office of the Auditor General in Norway	Para 137 and 141	"equal" chance of selection?		
Office of the Auditor General in Norway	Para 138	you draw a sample, you do not select it...		
Office of the Auditor General in Norway	Para 145-146	Collective audit evidence is a peculiar concept. Needs explanation, or revise text?		
Office of the Auditor General in Norway	Para 151	Language.		
Office of the Auditor General in Norway	Para 171	Not clarified so far what "scope" really means...		
Office of the Auditor General in Norway	Para 174	Auditor is careful, not are. Last sentence: ...and thereby (risk?) impairing his or her own objectivity		
Office of the Auditor General in Norway	Para 175	No explanation to 175?		
Office of the Auditor General in Norway	Para 181-193	Suddenly a very long explanation. Does not balance very well with the other explanations regarding length?		
Office of the Auditor General in Norway	Para 193	incidental findings, 2nd sentence: Even though the auditor is not...		
Board of Audit of Japan	General	Paragraph number should be assigned based on "Requirement" instead of each sentences/paragraphs. It would make definitions of "Requirement" clearer and also help readers better understand the structure (relation between "Requirement" and "Explanation") of the ISSAI.		
Board of Audit of Japan	General	Spell-checking and editing font style are needed.		
Board of Audit of Japan	Contents/ Page 12	"Identifying the subject matter.....12" on contents page should be "Identifying the specific aspect of the subject matter" on P.12.		
Board of Audit of Japan	Para 31	To make consistent with ISSAI 100 (paragraph 29'), we suggest the following amendment. "In a direct reporting reasonable assurance engagement, the audit conclusion in direct reporting expresses..." *Paragraph 29 defines two types of engagements: attestation engagements and direct reporting engagements.		
Board of Audit of Japan	Before Para 47	"Selection of significance of subject matter(s)" should be "Selection of significant subject matter(s)" or "Selection of subject matter(s) of significance".		
Board of Audit of Japan	Para 98	"Special consideration" and "take into consideration" might be redundant.		
Board of Audit of Japan	Para 110	Paragraph 110 is about sampling strategy and not suitable to be placed in the section of "Understanding the entity and its environment including the internal control". It would be in "Audit strategy and audit plan" or "Audit sampling".		
Board of Audit of Japan	Para 143 and 144	Although paragraphs 143 and 144 are placed in "Audit sampling", they should be in "Gathering audit evidence" which refers to "inquiry". *Paragraph 143 "In SAIs with jurisdictional powers, the inquiry shall..." "based on" and "on the basis" might be redundant.		
Board of Audit of Japan	Para 151	"based on" and "on the basis" might be redundant.		
Board of Audit of Japan				
National Audit Office of Estonia	Para 136-142	Paragraphs 136-142 interprets audit sampling in the same manner as financial audit standards – exclusively as probability (random) sampling, which belongs to quantitative methods of research. The experience of NAOE has shown, that in compliance audit (as well as in performance audit) judgemental sampling (or non-probability sampling or purposeful sampling) as a qualitative method of study is often useful and gives good results according to the purpose of compliance audit. Such techniques as heterogeneous sampling, homogenous sampling, critical-case sampling, deviant case sampling etc – when auditor selects information-rich cases for in-depth study, result usually in relatively small samples and are a good fit to answer a more explorative questions and provide new information, analyses and insight of subject matter.		
National Audit Office of Estonia	Audit Sampling Para	Rigikontroll proposes judgemental sampling to be added in „Audit Sampling“ paragraph.		
Cour des comptes France	General	The four documents (drafts of ISSAI 3000, 3100, 3200 and 4000) are of high quality and do not contain provisions that might be incompatible with the organisation and operation of the Cour des comptes. The Cour des comptes welcomes the inclusion of provisions on jurisdictional auditing in standard 4000 regarding audits on legality, in particular paragraphs 180 and following. Nevertheless, in their current form, the four documents deserve to be further improved as far as the debates by international groups allow the possibility. The first general observation that might be made is a common defect in international audit standards: the lack of conciseness. The texts, since they are level 4 (four digits), distinguish "requirements" and "explanations" and the lack of conciseness is in regard to the "explanations": too many terms are used but are not always properly defined or really necessary. The second general observation is the lack of consistency between the 3000 series of standards and ISSAI 4000: some of the same concepts are covered by provisions worded in very similar, but not identical, terms. The order of presentation of some headings is not the same from one to another whereas the headings are. The last general observation is the difference between standard 4000, the most successful, and which is a single document, and the standards in the 3000 series. It is hard to understand why ISSAI 3000 is separate from ISSAI 3100; it would be better to merge the two documents.		Question from CAS secretariat: In the general observations you refer to both draft ISSAI 3000, 3100, 3200 and ISSAI 4000. Could you be more specific about ISSAI 4000, and if possible refer to paragraphs. We find your remark very important, the relationship between requirements and explanations. Answer: The specific remarks in part 2 and 3 support the general observations. For instance 3b) gives an example of some confusion (if we may say so) between requirements and explanations mentioned in part 1.
Cour des comptes France	Para 70	The formulation of ISSAI 3000 standard would be preferable.		Question from CAS secretariat: You wrote in the specific remarks on standard 4000 that the wording in 3000 is preferable. In specific remarks to 3000 f), you point out that this is para 70. Is it write that you think of ISSAI 3000/60? And do you mean that we should use the wording in ISSAI 3000/60 in ISSAI 4000/70? Answer: With respect to the question, your point is correct.
Cour des comptes France	Para 74	appears as an addition point "requirement" of § 73 and not as an "explanation".		
Cour des comptes France	Para 134	The notion of beneficiaries appears too restrictive: information can be achieved also with third parties that are not "beneficiaries".		
Cour des comptes France	Para 133	The wording could be improved: the phrase "neither sufficient nor appropriate evidence on their own" sounds too negative especially for jurisdictions where access to accurate information is protected by texts.		
Cour des comptes France	Para 141	The sampling method planned is the random, it is not the only possible		
State Audit Office of Hungary	Para 7c	In order to stress the use of the audits it might be reasonable to include the responsible party (or audited entity) itself into the list of users as well.		
State Audit Office of Hungary	Para 11	In order to avoid confusion in respect of wording, I suggest to consequently use "execution" instead of "performance" for the relevant audit phase (to prevent mixing with performance audit). This relates also to points 96, 115 and 124.		
State Audit Office of Hungary	Para 78	Similarly to the suggestion made to point 7.c) it might be reasonable also here to include the audited entity itself into the list of intended users.		
State Audit Office of Hungary	Para 91	Suitable criteria for propriety audits might be reasonable to be amended by "Generally accepted principles" and "Generally acknowledged best practice".		
State Audit Office of Hungary	Para 102b	The term "engaging party" is used exclusively in this only point, it might be reasonable to have a definition in the draft or to use a defined term.		
State Audit Office of Hungary	Para 112-113	suggest to move "Composition and work allocation of the audit team" into the components of audit plan instead of being component of audit strategy. Audit strategy, as input to the audit plan has to be developed logically prior to the audit plan, and it is not reasonable to set composition and work allocation of the audit team prior to have audit procedures and timing fixed, which in turn part of the audit plan is.		
State Audit Office of Hungary	Para 133	suggest to use "are considered together with..." instead of "are performed together with..." in the last sentence.		
State Audit Office of Hungary	Para 137	suggest to use the following wording "...of audit relevance in such a way that each sampling unit has a chance...".		
State Audit Office of Hungary	Para 141	This wording is already included into 137, I suggest to delete it.		
State Audit Office of Hungary	Para 142	This sentence states that the auditor has to judge on the basis of the result of sampling whether it provided appropriate basis for conclusions. This seems to be not fully in conformity with the wording of point 137 which might be understood in the sense that audit sampling provides by definition reasonable basis for conclusions.		
State Audit Office of Hungary	Para 145-146	suggest to use here "gathered evidence" (instead of "collective evidence") in order have consistent wording throughout the entire draft.		
State Audit Office of Hungary	Para 155	Use of italics, beginning and ending of brackets is not consistent in the four subparagraph, I suggest to revise.		
State Audit Office of Hungary	Para 158 and 163	The term "principle of a contradictory process" is used here. It would be more straightforward (and consistent) to have here the term "principle of contradiction" appearing in point 172.		
State Audit Office of Hungary	Para 181, 182 and 187	As the relevant texts are in plural, I suggest to change "auditor" to "auditors" in the first sentence of the referred points.		
State Audit Office of Hungary	Para 183	The wording of the second part of the fourth sentence ("unless he/she is reasonably obvious forgeries") is not understandable, probably the correct formulation would be "unless such documents are reasonably obvious forgeries".		
State Audit Office of Hungary	Para 194	The first sentence is identical with the 7th whereas the second one with the 4th. I suggest to delete repetitions. The exact meaning of the last sentence is hardly to identify, please consider revising (it is not clear what does "such recommendations" refer to in the given context, and how could recommendations lead to impaired objectivity).		
State Audit Office of Hungary	Para 1	2nd sentence - observation/suggestion: On the front page the title of ISSAI 4000 is different, Compliance Audit Standard		

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State Audit Office of Hungary	Para 4	2nd sentence - observation/suggestion: what they can expect from the auditors' work.		
State Audit Office of Hungary	Para 7c	2nd sentence - observation/suggestion: In compliance auditing the intended users generally ...		
State Audit Office of Hungary	Para 9	1st sentence - observation/suggestion: The ISSAI 4000 also includes		
State Audit Office of Hungary	Para 13	1st sentence - observation/suggestion: Compliance auditing may also lead SAIs with jurisdictional powers to pronounce		
State Audit Office of Hungary	Para 16	1st sentence - observation/suggestion: SAIs have various mandates and work under different conditions.		
State Audit Office of Hungary	Para17	1st sentence - observation/suggestion: the Fundamental Principles of Public Sector Auditing (ISSAI 100) and the Fundamental Principles		
State Audit Office of Hungary	Para 20	1st sentence - observation/suggestion: the SAI shall comply with each requirement of this standard unless the circumstances of the audit the requirement is not relevant.		
State Audit Office of Hungary	Para 27	1st sentence - observation/suggestion: Compliance audit can be performed either as a direct reporting engagement or as an attestation engagement.		
State Audit Office of Hungary	Para 34	Observation/suggestion: Compliance audit may be a standalone engagement or a component of a financial or a performance audit engagement.		
State Audit Office of Hungary	Para 61	Observation/suggestion: The SAI shall ensure that the audit team collectively has the necessary professional competence to perform the audit.		
State Audit Office of Hungary	Para 66	Paragraph 66 should be after paragraph 69.		
State Audit Office of Hungary	Page 11	The figure with arrows should be boxed, numbered and named. E.g. Figure 1, Requirements related to the compliance auditing process.		
State Audit Office of Hungary	Page 11	top, long arrow named General Principles - observation/suggestion: The top, long arrow should be named General Requirements		
State Audit Office of Hungary	Para 75	Observation/suggestion: The auditor shall explicitly identify the intended users and the responsible party and consider the implication of their roles in order to conduct the audit and communicate accordingly.		
State Audit Office of Hungary	Para 96	1st sentence - observation/suggestion: The concept of materiality is applied by the auditor both in planning and executing the audit,		
State Audit Office of Hungary	Para 103	Observation/suggestion: the auditor gathers sufficient and appropriate evidence		
State Audit Office of Hungary	Para 104	1st sentence - Observation/suggestion: the auditor gathers sufficient and appropriate evidence		
State Audit Office of Hungary	Para 108	1st sentence - Observation/suggestion: An internal control system is composed of policies,		
State Audit Office of Hungary	Para 109	Observation/suggestion: Adequacy and effectiveness of internal controls are important areas for audit examination.		
State Audit Office of Hungary	Para 111	Observation/suggestion: The auditor shall develop and document an audit strategy and an audit plan		
State Audit Office of Hungary	Para 114	Observation/suggestion: The auditor updates both the audit strategy and the audit plan as necessary throughout the audit.		
State Audit Office of Hungary	Para 119	1st sentence - Observation/suggestion: Appropriateness is a measure of the quality of the evidence, containing relevance, validity and reliability.		
State Audit Office of Hungary	Para 124	Observation/suggestion: In planning and performing audits, the auditor in SAIs with jurisdictional powers needs to gather sufficient and appropriate evidence		
State Audit Office of Hungary	Para 130	Observation/suggestion: The evidence gathering process continues until the auditor is confident that sufficient and appropriate evidence		
State Audit Office of Hungary	Para 143 and 144	Observation/suggestion: Paragraphs 143 and 144 should be before paragraph 136		
State Audit Office of Hungary	Para 155b iii	Observation/suggestion: A qualified opinion (if the auditor is unable to obtain sufficient and appropriate audit evidence, and the possible effects are material, but not pervasive: 'Based on the audit work performed, except for [describe exception], the auditors were unable to obtain sufficient and appropriate audit evidence, and the possible effects are material, but not pervasive		
State Audit Office of Hungary	Para 176e	1st sentence - Observation/suggestion: Operations and procedures etc. that are affected by non-compliance acts		
State Audit Office of Hungary	Para 185-191	Observation/suggestion: The section of paragraphs 185-191 should be after paragraph 193.		
State Audit Office of Hungary	Para 185-187	Observation/suggestion: The paragraphs 185-191 are too long, they should be shortened.		
State Audit Office of Hungary	Page 26	Observation/suggestion: The paragraph between 193 and 194, after the title Incidental findings is not numbered.		
State Audit Office of Hungary	Para 195	Observation/suggestion: The 2nd and 4th sentences are very similar. The 4th sentence should be deleted.		
State Audit Office of Hungary	General - headings	My suggestion is increasing the levels of heading. The present Exposure Draft has 2 levels of heading. I suggest to use 3 levels, similarly to the content of ISSAI 400. The first level could be the headings with capital letters, i.e. INTRODUCTION, AUTHORITY OF THIS ISSAI, OBJECTIVE OF COMPLIANCE AUDIT, GENERAL REQUIREMENTS OF COMPLIANCE AUDITING, and REQUIREMENTS RELATED TO THE COMPLIANCE AUDITING PROCESS. The second level of headings could remain under GENERAL REQUIREMENTS OF COMPLIANCE AUDITING, i.e. Independence and ethics, Audit risk, Risk of fraud, etc. Under the REQUIREMENTS RELATED TO THE COMPLIANCE AUDITING PROCESS the second level should contain the 5 stages of the auditing process (as they are illustrated by arrows on page11): 1. Planning an audit 2. Gathering audit evidence 3. Evaluating audit evidence and forming conclusions 4. Reporting 5. Follow-up Below Planning an audit the third level should contain 8 headings starting with Identifying intended users and responsible party, and ending with Sufficient and appropriate audit evidence. Below Gathering audit evidence the third level should contain only one heading Audit sampling.		
National Audit Office Malta	General comments	ISSAI 4000 presents excellent guidance on how to perform a compliance audit. The following additional issues may also be considered in order to further enhance the standard.		
National Audit Office Malta	Para 35 and 36	In between articles 35 and 36, one could add as part of the explanation: The auditor is to demonstrate professional behaviour and integrity, be objective, possess the required professional competence, and exercise due care. S/he is also to maintain independence in fact and appearance and confidentiality regarding all audit matters.		
National Audit Office Malta	Para 38 and 39	Between articles 38 and 39, one may add: The auditor is to avoid conflict of interest situations. Where an auditor suspects or perceives the potential for a conflict of interest, s/he shall at once resolve it to the advantage of the public interest.		
National Audit Office Malta	Para 42	One may consider including at the end of article 42: And has had sufficient time to complete the audit assignment.		
National Audit Office Malta	Para 44	• One could include following first sentence of article 44: The primary responsibility for the prevention and detection of fraud lies with the entity's management through the institution of adequate internal control systems.		
National Audit Office Malta	Para 46	In article 46, the second sentence may be reworded as follows: When suspected fraud has been identified, the auditor takes action to ensure that they respond appropriately according to their mandate and the particular circumstances, such as extending audit steps and procedures.		
National Audit Office Malta	Para 51	• One can include, in the other factors to be further considered when identifying the subject matter, non-compliance with financial management best practices, such as non-compliance with internal controls, or the absence of an adequate internal control structure.		
National Audit Office Malta	Para 52-54	• One could also include a requirement that professional advice be sought when difficult or contentious issues are encountered to assist in exercising professional judgement		
National Audit Office Malta	Para 55-57	• Some examples of how the auditor could exercise in practice professional skepticism within a compliance audit could be included such as being alert to audit evidence contradicting other audit evidence already obtained, and information that brings into question the reliability of documents and responses to inquiries to be used as audit evidence.		
National Audit Office Malta	Para 58-60	• Reference may be made to ISSAI 40 Quality Control for SAIs for a comprehensive description of quality control procedures.		
National Audit Office Malta	Para 61-63	• A brief reference to the importance of consultation within a SAI when conducting a compliance audit may be made in these articles.		
National Audit Office Malta	Para 62e	• In article 62, as point e) one may include: Producing an auditor's report that is appropriate in the circumstances.		
National Audit Office Malta	Para 70-74	• Brief guidance could be provided as to the form of communication with those charged with governance throughout the audit process. One could also state that such communication is to be timely and preferably in writing.		
National Audit Office Malta	Para 75-124	• Further guidance could be given on how to select topics for compliance auditing.		
National Audit Office Malta	Para 91	• Suitable criteria could also include: financial management best practices such as compliance with effective and efficient internal control structures.		
National Audit Office Malta	Para 93	• As regards the key attributes of suitable criteria, one might add usefulness, comparability and acceptability. o Useful criteria result in findings and conclusions that meet users' information needs. o Comparable criteria are consistent with those used in Compliance Audits of other similar agencies or activities and with those used in previous Compliance Audits of the entity being audited. o Acceptable criteria are those that independent experts in the field, audited entities, legislature, media, and general public generally agree to.		
National Audit Office Malta	Para 106	• One might add at the end of the article: The higher the level of risk, the greater the level of audit work that will be required to lower detection risk sufficiently to achieve the desired level of audit risk.		
National Audit Office Malta	Para 110	• One might amend this article slightly to read: It is important that the auditor makes it clear for the intended users the limitations and characteristics of each sampling strategy used to gather and analyse evidence to avoid misinterpretation of the analysis extent.		
National Audit Office Malta	Para 120	• The last sentence of this article may be worded: The auditor should obtain evidence that the controls are operating effectively when he/she intends to rely on the operating effectiveness of controls and when determining the nature, timing and extent of substantive procedures.		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
National Audit Office Malta	Para 129	• A sentence in the beginning of article 129 could be included as follows: The auditor performs effective audit procedures in line with the audit plan to gather audit evidence and fulfil audit objectives.		
National Audit Office Malta	Para 142	• Guidance can be provided in instances where the auditor finds that the use of audit sampling has not provided a reasonable basis for conclusions about the population that has been tested.		
National Audit Office Malta	Para 147	• Guidance may be provided regarding instances where there is evidence that both supports and seems to contradict the audit findings. Perhaps, the auditor has to modify his/her audit procedures to resolve the matter and determine the effect on the overall compliance audit.		
National Audit Office Malta	Para 155	• This Article could also require SAIs to prepare the basis for a qualified opinion in respect of all four types of modified opinions. • The qualified opinion regarding scope limitation, when the possible effects of insufficient evidence could be material but not pervasive, could be reworded as follows. Based on the audit work performed, we found that, except for the possible effects of the matter described in the Basis for Qualified Opinion Section, the audited entity's subject matter is in compliance, in all material respects with (the applied criteria). Examples of the different types of audit opinions could be illustrated in an Appendix to the Standard. Basis for Qualified Opinion We were unable to obtain sufficient, appropriate audit evidence in respect of (and mention exception), and the possible effects are material, but not pervasive.		
National Audit Office Malta	Para 168 and 175	• One might also include key audit matters as another element in the report. • One might also include the legal basis as another element of the report.		
National Audit Office Malta	Para 175	• Compliance with ethical requirements may also be included as another element of the report.		
National Audit Office Malta	Para 180-193	• Reference is to be made to the reporting of suspected unlawful acts to the Legislature.		
National Audit Office Malta	General comments	• It is to be expressly stated that: It is the responsibility of management, with the oversight of those charged with governance, to ensure that a public entity's operations are conducted in accordance with the provisions of laws and regulations and in accordance with financial management best practices. • Guidance can be issued with regards to the issue of a management letter. • Brief guidance could be given on publication of audit reports and relations with stakeholders, including those SAIs who present their report to Parliament.		
National Audit Office UK	General comments	The Exposure Draft is designed to reflect the different legislative frameworks across INTOSAI. A key consideration is that in certain cases (such as determining the subject matter and audit criteria) an SAI will not always have ability to influence the scope of the audit work due to national legislation and/or the remit of the audited entity. In order to facilitate full compliance with Standards across INTOSAI it may be beneficial to reflect this more explicitly throughout the document.		Question from CAS secretariat: We have tried to reflect it through the document, but could you give me some guidance here? Answer: This overall comment refers mainly to paragraphs 80 to 93, where the standard provides requirements and explanations on identifying the specific aspects of the subject matter and audit criteria. It also supports comments made in relation to paragraphs 25 and 38. We recommend that each of these sections provides an explanation that the subject matter and audit criteria might already be defined by the national legislation and/or the remit of the audited entity, therefore a SAI will not always have ability to influence the scope of the audit work.
National Audit Office UK	Para 24	The Exposure Draft refers to the main objectives of the audit and information provided to legislature and other intended users in paragraph 24; we consider that this information should be on whether the audited entity complies with named authorities. These may include parliamentary decisions, law and other but, in our view, those are examples and depend on the circumstances of the entity. By listing all of these, the auditor may conclude that they need to look at compliance with all of the mentioned authorities and might not identify ones relevant to the audited entity and subject matter.		
National Audit Office UK	Para 25	The wording in paragraph 25 suggests that the auditor would assess compliance with both regularity and propriety criteria. In our view, the auditor should be given choice in determining the audit objectives. In some jurisdictions, there might be a statutory basis for audit objectives that defines the subject matter.		
National Audit Office UK	Para 31	We do not agree with a statement in paragraph 31 that the auditor can provide a "true and fair view" on the subject matter. We believe that this type of opinion can only be used for the audit of financial statements. We would recommend that the Subcommittee considers rephrasing the paragraph to reflect that the opinion issued is only in respect of compliance of the subject matter, in all material respects, with the applicable criteria.		Question from CAS secretariat: Is it understandable to remove "true and fair view", or does the para has to be rephrased. If so, do you have a suggestion? Answer: We would recommend rephrasing the whole paragraph 31 to remove the reference to the "true and fair view" and state that for both direct reporting and attestation engagement the auditor's view is whether "the subject matter is or is not compliant, in all material respects, with the applicable criteria".
National Audit Office UK	Para 38	Paragraph 38 refers to demonstrating independence in selecting the audit objectives. As mentioned above, in some jurisdictions, there may be a statutory basis for audit objectives that defines the subject matter. We believe that this restriction does not impact on the independence of the auditor.		Question from CAS secretariat: Should this be rephrased, and if so how? Answer: We recommend that the Subcommittee considers providing an explanation that the subject matter and audit criteria might already be defined by the national legislation and/or the remit of the audited entity, therefore a SAI will not always have ability to influence the scope of the audit work. This restriction would not impact on the independence of the auditor.
National Audit Office UK	Para 41	The explanation section on audit risk (paragraph 41) may be enhanced by providing additional detail on the requirement to "reduce the risk of producing incomplete findings and conclusions". For example, this could be extended to state that the auditor needs to evaluate whether the scope of work performed is sufficient.		Question from CAS: Are there more examples to add? Answer: The comment provides an example of the wording that could be included in the explanation part of this section. We suggest adding the following sentence: "The auditor needs to evaluate whether the scope of the work performed is sufficient" before the reference to sufficient and appropriate audit evidence. We don't have any further examples to add.
National Audit Office UK	Para 55 and 56	In paragraph 55 and 56, you refer to the requirement to use professional scepticism. We fully endorse these requirements however consideration should be given to adding that this should occur throughout the audit process. We would also recommend that the Subcommittee considers replacing the reference to "questioning mind" with "maintaining an open and objective mind by being alert". This would provide a direct link to the wording in the requirement.		
National Audit Office UK	Para 60	SAIs in applying the standards may find it beneficial to include additional explanation in paragraph 60 in relation to quality control procedures. It would be useful to have an explanation of what procedures could be performed by providing examples like review.		Question from CAS: Are there more examples to add? Answer: We propose aligning the examples to ISSAI 1220 and ISA 220. These could include supervision, reviews, consultation, Engagement Quality Control Review, recruitment or adequate training.
National Audit Office UK	Para 65	When considering the purpose of the documentation of the audit work performed (paragraph 65), we would suggest that this was aligned with that included in ISSAI 1230, i.e. "to enable an experienced auditor, having no previous connection with the audit, to understand significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions."		
National Audit Office UK	Para 92	Paragraph 92 appears to include a typographical error and should refer to "unacceptable" behaviour instead of "acceptable" behaviour.		
National Audit Office UK	Para 96	We would prefer the wording to refer to "identified non-compliance" instead of "identified errors".		
National Audit Office UK	Para 96	At the end of paragraph 96, we suggest adding the following sentence: "In evaluating and concluding the audit, the auditor uses materiality to evaluate the scope of work and the level of non-compliance to determine the impact on the opinion."		
National Audit Office UK	Para 97	We propose providing additional explanation on setting separate levels of materiality for areas that are material by nature and context to the intended users.		Question from CAS secretariat: Is it possible to give some additional text with examples here? Answer: We propose stating, for example, that "the auditor might want to select separate levels of materiality for classes of transactions or balances that are more important to the users of the accounts or have a higher risk of non-compliance material by nature or context".
National Audit Office UK	Para 97	We believe that the wording "while not necessarily unlawful" might suggest that all instances of non-compliance with named authorities are unlawful. We propose that the Subcommittee considers whether this wording could be removed.		
National Audit Office UK	Section: Understanding the entity and its environment including the internal controls"	The section "Understanding the entity and its environment including the internal controls" focusses solely on understanding the entity's internal controls. We suggest that this is extended to provide an explanation on procedures required to obtain understanding the entity and its environment.		Question from CAS secretariat: Is it possible to give some additional text? Answer: We propose the following wording (aligned with ISSAI 1315 and ISA 315): "To obtain an understanding of the entity and its environment, the auditor may consider the relevant industry, laws and regulations, other external factors, the nature of the entity's operations, governance arrangements, objectives and strategies or performance measures".
National Audit Office UK	Para 110	Paragraph 110 does not appear relevant to a section on understanding the entity and its environment including the internal controls. We would suggest that this paragraph could be deleted.		
National Audit Office UK	Audit strategy/audit plan	In respect of an audit strategy and an audit plan, it is important to recognise that in some jurisdictions compliance audit work will be undertaken as integral part of the audit of financial statement. For example, the NAO undertakes compliance audit (providing a regularity opinion) as part of the audit of financial statements. We use evidence from our financial audit work to support the regularity opinion, where it is possible. We propose that the Subcommittee considers adding further explanation in relation to this.		Question from CAS secretariat: Is it possible to give some additional text? Answer: We propose stating within the explanation part of "Audit strategy and audit plan" section that "In some jurisdictions, compliance audit might be undertaken as an integral part of the audit of financial statements. Therefore, it might be possible to embed an audit strategy, an audit plan and audit procedures required for compliance audit into those required for the audit of financial statements."
National Audit Office UK	Para 118	We disagree with the last sentence that "the need for further evidence is weighed against the cost and time needed to collect it". We believe that if further evidence is needed, then the auditor should obtain it or limit the scope of their conclusion. We propose that the Subcommittee considers rephrasing this sentence.		
National Audit Office UK	Para 120	We would also propose that the Subcommittee considers adding to paragraph 120 that we should evaluate whether the design and implementation of key controls relevant to the subject matter is adequate.		
National Audit Office UK	Para 131	In the section on gathering audit evidence (paragraph 131), we would propose that the Subcommittee considers listing observation and inspection as two separate methods and adding other methods, namely re-performance and recalculation. This would align the wording of the ISSAI 4000 with that used in ISSAI 1500 and ISA 500.		
National Audit Office UK	Para 135	considers the use of analytical procedures. This states that the auditor will consider the results based on historical trends. We recommend that this is amended to reflect that when using analytical procedures the auditor will also compare data, or investigate fluctuations or relationships with what was expected based on their understanding of the business.		
National Audit Office UK	Para 137	considers sampling and states that all sampling units should have a chance of selection. This is correct when adopting a fully substantive approach however in certain cases (such as work to address a significant risk) it may be appropriate to use risk-based sampling instead of a statistical approach. We request that the Subcommittee considers stating this in the paragraph.		
National Audit Office UK	Para 145	When evaluating audit evidence (paragraph 145), we would also expect the auditor to evaluate whether the scope of work is sufficient to form a conclusion. This assessment is particularly relevant when the auditor considers that the scope of the work is insufficient and therefore is providing a modified opinion (a limitation of scope).		Question from CAS secretariat: Do you want to have this as a separate requirement or additional explanation? Is it possible to give some additional text? Answer: We would propose adding a second part to the requirement: "the auditor shall evaluate whether the scope of the work performed is sufficient to form a conclusion". We would also suggest adding a sentence in the explanation: "By evaluating the scope of work performed, the auditor determines whether he/she is able to draw the conclusion. If the scope of work is insufficient, the auditor should consider performing further procedures or modifying their opinion due to scope limitation."
National Audit Office UK	Para 148	We would propose that the Subcommittee considers adding "in all material aspects" when concluding on the compliance of the subject matter with the relevant criteria.		Question from CAS secretariat: Could you tell me how you want to have the sentences, so I get it right? Answer: We propose the following wording of the requirement: "Based on the audit findings, the auditor shall draw a conclusion that clearly states whether the subject matter is, in all material respects, in compliance with the applicable criteria"
National Audit Office UK	Para 151	We would also suggest that the Subcommittee considers rephrasing paragraph 151 as it is unclear. We propose that the Subcommittee considers the following wording: "The auditor shall provide an opinion that can be unmodified or modified based on an evaluation of whether the level of non-compliance or scope limitation is material and/or pervasive."		
National Audit Office UK	Para 168	In relation to the report structure (paragraph 168), we are of a view that recommendations might be issued separately from the report. We propose that the Subcommittee considers stating this in the requirement and explanation.		Question from the CAS secretariat: Could you tell me why? Wouldn't that be confusing for the intended user(s) and readers of the report? Answer: Our view is that the recommendations are written mainly for the management of the audited entity and not all of the other intended users of the report. Therefore, we believe that the recommendations might (but don't have to) be issued separately in a letter to management. We provide an NAO pro-forma audit report to demonstrate: we would not usually put recommendations in this.
National Audit Office UK	Para 183	We found the phrase in paragraph 183 "unless he/she is reasonably obvious forgeries" confusing and would propose that the Subcommittee considers rephrasing this to reflect that "the auditor might reasonably believe the evidence to be obvious forgeries".		
National Audit Office UK	Para missing - incidental findings	In the "Incidental findings" section (missing the paragraph number), we believe that incidental findings should be incorporated into ongoing compliance audit, in particular in relation to the risk assessment and when evaluating findings. We propose that the Subcommittee considers rephrasing this paragraph.		
National Audit Office UK	Para 195	we found that conferences or seminars might not be good examples of follow-up processes as it might indicate that the auditor provides training to the audited entity and takes up a role of management. This might prejudice the perception of the auditor's independence.		
SUPREME AUDIT OFFICE Poland	Para 24	With regard to the last sentence in this paragraph: who is the major source of audit criteria, in particular those regarding legality? We assume that it is mainly the legislative, so the parliament, and not the executive. The executive may constitute the source of criteria deriving from the ministries or internal law, as well as from the adopted standards.		
SUPREME AUDIT OFFICE Poland	Para 28	A report should always include an opinion, because each audit is aimed at assessing its subject.		Question from CAS secretariat: A report should always include an opinion, because each audit is aimed at assessing its subject. Do you always give an opinion in your compliance audit reports in your SAI? We know that this differs across the world, but I am very interested in your response. You write conclusions, and then give an opinion? And this is both for attestation engagement and direct reporting engagement? Answer: In every audit (CA, PA and FA) our SAI determines the status quo and presents it in the audit file, as well as makes an assessment of the audited activity. 2. Thus we always have to make an assessment of the audited activity; we are simply required to do so by the act (law) on our SAI (the Act on NIK). 3. The assessment is made with regard to the criteria of legality, sound management (economy), expediency and integrity. 4. Thus the English notion "opinion" should rather refer to the notion of "assessment" we make at our SAI. While our "conclusions" are presented in our post-audit statements (management letters) with regard to elimination of the irregularities found (in accordance with the act on the NIK).
SUPREME AUDIT OFFICE Poland	Para 31-33	We suggest to precisely use the full name of one of the two compliance audit types, i.e. "direct reporting engagement" instead of "direct reporting" only, because this may be confusing.		
SUPREME AUDIT OFFICE Poland	Para 47	The content of this guideline is to some extent contrary to the explanations provided below (48 - 51). This guideline might suggest that the audit subject should be selected with regard to its importance for the concerned recipients only. However, according to the information provided below other aspects of selection are also very important: the requirements included in the audit mandate, areas of high irregularity risk and the amount of resources involved.		
SUPREME AUDIT OFFICE Poland	Para 59	Having analysed this guideline, one may assume that an audit report may include a conclusion or an opinion. However, in order to formulate a conclusion one has to previously have a view on the audited activity, so an opinion (assessment) on a given subject. Therefore, quality control should enable to obtain both. It would be also worth to explain the difference between these two notions.		
SUPREME AUDIT OFFICE Poland	Para 63	Outsourcing of audit activities may not be an appropriate phrase in this context, because it implies that the SAI abandons a part of its mandate to the benefit of other entities. Thus, it would be more suitable to use the expression "use of expert aid" instead of "outsourcing".		
SUPREME AUDIT OFFICE Poland	Para 66	All SAIs may be obliged to proceed accordingly. Audit documentation should always be sufficient, so as to constitute a basis for the assessment and conclusions. Therefore, such distinction of SAIs being courts seems not entirely justified.		
SUPREME AUDIT OFFICE Poland	Scheme at page 11	The scheme does not correspond with the schemes of other audit types, such as performance audit. For instance, gathering audit evidence was deemed a separate activity, while it is the execution of the audit in the audited entity. Furthermore, these are not General Principles, but rather stages of audit proceedings. The compliance audit was divided into planning, execution and reporting in paragraph 60.		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
SUPREME AUDIT OFFICE Poland	Para 80 versus 86	Paragraph 80 describes the evaluation of "specific aspects of the subject matter", whereas in case of paragraph 86 the evaluation concerns "audit evidence". Explanation and consistency is needed.		
SUPREME AUDIT OFFICE Poland	Para 80 versus 84	In paragraph 80 one may conclude that the "subject matter" is divided into "specific aspects of the subject matter", whereas in case of guideline 84 it is divided into "several underlying subject matters".		
SUPREME AUDIT OFFICE Poland	Para 87	An auditor both identifies (the already existing) and prepares (when they are not specified) the audit criteria. Moreover, it is not entirely clear why the audit subject matter should be measured or evaluated (assessed) by means of these criteria. In order to evaluate (assess) something, it has to be "measured" first. Therefore we suggest to use "and" instead of "or". Moreover, it is suggested to use the word "assessment" instead of "evaluation".		
SUPREME AUDIT OFFICE Poland	Para 90 and 91	Paragraph 90 includes the notion "formal criteria", which has not been previously introduced and is therefore unclear. In paragraph 91 the criteria are listed with regard to the "propriety". May "formal criteria" be ascribed to these criteria with regard to "regularity"? (see paragraph 25). We suggest to clarify this matter.		
SUPREME AUDIT OFFICE Poland	Para 111	"Audit strategy" and "audit plan" are two separate documents, whereby each of them has different aim and characteristics, therefore it is worth to precisely describe these documents and the differences between them. For instance, it is not specified whether one of them constitutes a part of the other.		
SUPREME AUDIT OFFICE Poland	Para 113	According to this document the "audit strategy" is a significant contribution to the "audit plan". Should it not be mentioned as one of the parts of the "audit plan" listed in a - d?		
SUPREME AUDIT OFFICE Poland	Para 117 versus 119	Paragraph 117 lists two conditions (criteria) that the audit evidence should comply with (appropriate, sufficient), and paragraph 119 specifies further criteria, not listed in 117.		
SUPREME AUDIT OFFICE Poland	Para 120	This paragraph concerns risk, whereas paragraph 116 concerns only procedures ensuring the acquisition of appropriate and sufficient audit evidence.		
SUPREME AUDIT OFFICE Poland	Para 121	An auditor does not need less evidence if it is high quality. The amount of evidence depends on the specifics of a particular audit, and not only on the quantity or quality of audit evidence.		
SUPREME AUDIT OFFICE Poland	Para 125	Such wording may imply that the essence of an audit process is to gather audit evidence, whereas an audit is to determine facts, document and assess them. This paragraph may suggest that audit is mainly about collecting evidence.		
SUPREME AUDIT OFFICE Poland	Para 126	The assessment, whether the audit evidence is sufficient and appropriate should mainly depend on the projected audit procedures, and only then on the professional judgement of an auditor.		
SUPREME AUDIT OFFICE Poland	Para 133	If interviews and questionnaires are generally not sufficient and appropriate evidence, when and why should they be used? In performance audit such evidence is used by several SAIs. However, considering the specifics of compliance audit (greater need for hard evidence) we suggest to consider and provide more clarification here.		
SUPREME AUDIT OFFICE Poland	Para 138	Instead of "the objective of the auditor when using audit sampling ..." we suggest to use the phrase "the objective of audit sampling ...".		
SUPREME AUDIT OFFICE Poland	Para 146	Professional judgement should be applied when there are no procedures available. However, as a rule, relevant audit procedures should be used for this task.		
SUPREME AUDIT OFFICE Poland	Para 147	The wording on the evidence being in contrary to the evidence that confirms the audit findings is not clear. It would be worth to specify this. Maybe it concerns the explanations and statements of the employees of the audited entity, submitted during the contradictory procedure.		
SUPREME AUDIT OFFICE Poland	Para 158	We suggest to use the full name "audit report" with regard to the document containing the audit results, because sometimes an auditor prepares other reports, while for instance documenting a stage in the audit proceedings, for example inspection protocol (report).		
SUPREME AUDIT OFFICE Poland	Para 159	We suggest to substitute "reporting is an essential part of compliance audit" with the phrase "one of the essential parts", because the audit itself is equally important (execution). Furthermore, we suggest to add "or opinion" after "conclusions", because in justified cases an opinion is also formulated (see 175, letter i).		
SUPREME AUDIT OFFICE Poland	Para 165	One has to remember that the mandate of a particular SAI is usually specified by the law, whereby it may be established by the regulations of common law (constitution, acts) or regulations concerning a particular audit body (acts).		
SUPREME AUDIT OFFICE Poland	Para 170	With regard to the first sentence: the chapter of an audit report that concerns the audit findings includes the description of facts, evaluated with regard to the audit criteria and not the "description of the gathered evidence". The identification, rather than the description of the gathered evidence, might be presented in a separate chapter of the audit report concerning the audit methodology or in an appendix to the report.		
Swiss Federal Audit Office	General comments	We find that the new alignment with ISSAI 400 is appropriate. Nevertheless, we got the impression that (too) many repetitions occur between the second and third levels. With regard to this, the referencing between the second and third level structures could in our view bring added-value and facilitate the navigation between them. We appreciate the reduction of the volume and the elimination of the difference between compliance auditing within or combined with financial audit. Focusing exclusively on requirements and explanations contributes to efficiency.		
Swiss Federal Audit Office	Page 74	The design of the diagrama on page 74 could be enhanced to provide a better plan for what is following.		
The State Audit Institution of the United Arab Emirates	General comments Duplication of technical content - ISSAI 3000 and ISSAI 4000	When we compare the audit requirements in the ISSAI 4000 exposure draft to those in the recent ISSAI 3000 exposure draft, we see a lot of common ground. From a technical perspective, this raises the question on the need to maintain two separate assurance frameworks. We see a need for guidance to help an auditor understand the nature of compliance activities as subject matter in the context of an assurance engagement but we do not see the need for a separate set of audit requirements. The fact that two independent technical exercises seem to have identified most of the same technical requirements seems to support this conclusion. If separate assurance frameworks for performance and compliance auditing continue to be maintained, we recommend that the compliance audit framework refer to the performance audit framework for all the common elements rather than repeat the same technical requirements. This will greatly improve the ISSAI assurance framework user experience (especially for users performing combined performance and compliance audits).		Question from CAS secretariat: The ISSAI 100,200,300,400 are linked together, and ISSAI 100/31 -34 are talking about confidence and assurance in public-sector auditing. I will ask you what you mean when you raise the question if it is a need for two separate assurance frameworks? In CA and PA your objective for the audit is different (ISSAI 100/22) and the forms of providing assurance is also different. Or is it the distinction between attestation engagement and direct reporting engagement that is not clear? Very simply, what we see is that ISSAI 4000 and ISSAI 3000 share many of the same audit requirements. Two technical teams working independently having identified most of the same audit requirements raises the question on the need to maintain a separate set of audit requirements for audits for which the subject matter consists of activities performed to effectively comply with laws/regulations/instructions. It seems to suggest that the requirements defined in ISSAI 3000 (perhaps complemented with useful guidance on auditing compliance activities as a subject matter) would meet the users' needs. We see this as a more favorable outcome to repeating many of the same audit requirements within the ISSAI framework. As mentioned in our comment, if we need to keep them separate then we recommend referring to the requirements where they are defined elsewhere rather than repeating them.
The State Audit Institution of the United Arab Emirates	General comments Duplication of technical content - ISSAI 400 and ISSAI 4000	We have identified many instances of duplication between ISSAI 400 and ISSAI 4000. From the perspective of the user of the ISSAI framework, this will cause significant confusion. The framework should link paragraphs with related concepts rather than repeat the same text. The user of the framework is responsible for reading the relevant standards on all levels so there is no need to bring the Level 3 content to Level 4. We share some examples below but there are many such instances and the document as a whole should be reviewed to eliminate these duplications of technical content. In addition to the negative impact on the user experience, this also increases the risk of technical inconsistencies within the framework as future revisions that should only impact one section of the framework will now impact many. This will greatly increase the risk that a future revision will not be carried through the framework correctly and completely. We have also noted that some of the technical content that is repeated is paraphrased which also introduces a risk of inconsistency. Duplication examples: Paragraphs 1-2 seem to duplicate paragraphs 1-2 in ISSAI 400. We also noted some paraphrasing that could cause confusion. Paragraphs 15-23 seem to be taken directly from ISSAI 400 paragraphs 4-11 (and repeat content in ISSAI 100). We also noted some paraphrasing that could cause confusion. Paragraphs 24-34 seem to be taken directly from ISSAI 400. We also noted some paraphrasing that could cause confusion. Paragraphs 35-38 mostly repeat what is written ISSAI 100 paragraph 36. Paragraphs 41-42 mostly repeat what is written in ISSAI 100 paragraph 40. Paragraphs 43-46 mostly repeat what is written in ISSAI 400 paragraph 55. Paragraphs 52-57 mostly repeat what is written in ISSAI 100 paragraph 37 and ISSAI 400 paragraph 43. Paragraphs 58-60 mostly repeat what is written in ISSAI 100 paragraph 38 and ISSAI 400 paragraph 44. Paragraphs 61-63 mostly repeats what is written in ISSAI 100 paragraph 39 and ISSAI 400 paragraph 45. Paragraphs 197 and 174 seems to repeat paragraph 171		Question from CAS secretariat: In point 2 you are commenting that some paraphrasing could cause confusion. Can you indicate which one, and suggestions for improvements, or is it what you have mentioned in point 7 and 8? Answer: The paraphrasing mentioned in the last sentence in the first paragraph in observation #2 refers to the specific instances of paraphrasing identified below this paragraph within observation #2.
The State Audit Institution of the United Arab Emirates	General comments SAIs with jurisdictional powers	As introduced in paragraph 15 of ISSAI 100, repeated in paragraph 14 of ISSAI 400, and repeated again in paragraph 9 of ISSAI 4000, some SAIs have jurisdictional powers. It is understood that some SAIs have this mandate but the ISSAI framework, as an assurance framework, does not support legal conclusions on personal liability. The ISSAI framework, in its present form, does not support such a conclusion since it is an assurance framework for which the highest confidence level that can be achieved at the conclusion of an engagement is reasonable assurance. Such a level of confidence does not support a legal conclusion on personal liability. It would seem that one would have to perform investigative procedures in response to a legal requirement and not audit procedures in response to requirements in an assurance framework to properly support such a conclusion. This would therefore require an auditor to exit the ISSAI framework and enter the appropriate legal framework to determine the work that must be performed. The criteria that require an auditor to exit the ISSAI framework when attempting to reach such a conclusion should be very clearly described in the ISSAI framework and presently we do not see them. These criteria should probably be defined in ISSAI 100, paragraph 15. If a revision to ISSAI 100 is not possible, this should be addressed in ISSAI 400. ISSAI 400 will need to be revised to update it for the elimination of ISSAI 4100 and 4200 and perhaps this will offer the opportunity to clarify the scope of a compliance audit that is supported by the ISSAI framework by taking into consideration the constraints imposed by ISSAI 100 (that defines the ISSAI framework as an assurance framework). ISSAI 400 could simply state that an ISSAI-compliant audit may generate evidence that may be relevant to future legal proceedings but the confidence levels that can be achieved at the conclusion of an ISSAI-compliant assurance engagement are insufficient to support a legal conclusion on personal liability. ISSAI 4000 can then expand on this, if deemed necessary, to help the auditor understand when it is necessary to exit the ISSAI framework and enter the appropriate legal framework to reach the desired conclusion.		Question from CAS: In point 3 you are commenting that: ... some SAIs have jurisdictional powers. It is understood that some SAIs have this mandate but the ISSAI framework, as an assurance framework, does not support legal conclusions on personal liability. We have not got any comments from the SAIs with jurisdictional powers on this. Is it possible for you to provide me with text that can make this feasible, or do you think that it is not possible within the ISSAI framework? Answer: Given that the maximum level of confidence that can be achieved when performing an ISSAI-compliant audit is reasonable assurance (as defined in ISSAI 100.33), we do not believe that performing an ISSAI-compliant audit yields sufficient appropriate evidence to support a legal conclusion on personal liability. Within our own operation, we maintain an investigations groups that is focused on reaching conclusions on personal liability. The nature and extent of the procedures that must be performed to reach such conclusions differs from the nature and extent of the procedures that must be performed to achieve reasonable assurance.
The State Audit Institution of the United Arab Emirates	Para 144	Paragraph 144 refers to "laws governing the audit procedures". Performing investigative procedures directly in response to a law to reach a desired legal conclusion on personal liability seems to validates that one has exited the ISSAI framework. This should therefore be considered as one of the criteria that should be mentioned in ISSAI 100 or 400 as recommended above.		
The State Audit Institution of the United Arab Emirates	Para 10-14	Paragraphs 10 to 14 in ISSAI 4000 may need to be removed or revised depending on how you respond to our above observation.		
The State Audit Institution of the United Arab Emirates	Para 66	The ISSAI framework as an assurance framework is not designed to achieve the objective of "providing proposals of personal liability" for the reasons mentioned above. In our view, paragraph 66 should be removed as it may lead a user to erroneously believe that the ISSAI framework can support such a conclusion.		
The State Audit Institution of the United Arab Emirates	Para 26	Paragraph 26 should not state that the ISSAI framework is meant to hold individuals accountable for the reasons explained above.		
The State Audit Institution of the United Arab Emirates	Para 115 a)c)	Paragraph 115(a)(c) identify two objectives that fall outside the scope of the ISSAI assurance framework for the reason explained above.		
The State Audit Institution of the United Arab Emirates	Para 123	Paragraph 123 defines a requirement that falls outside the scope of the ISSAI assurance framework for the reason explained above.		
The State Audit Institution of the United Arab Emirates	Para 124-127	Paragraphs 124-127 that support this requirement are also not technically supported.		
The State Audit Institution of the United Arab Emirates	Para 187	may be useful to help differentiate an ISSAI-compliant assurance engagement from a legal investigation.		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
The State Audit Institution of the United Arab Emirates	General comments Reliance on legal experts	<p>Since the criteria for a compliance audit are typically laws (or instructions or regulations based on the law) and since public sector auditors are typically not lawyers, ISSAI 4000 should likely address the auditor's responsibilities with respect to reliance on legal experts. As with other types of assurance engagements, specific technical requirements are likely required when such reliance occurs.</p> <p>For example, legal experts may be required to help focus the audit on the areas of highest risk of material non-compliance, to establish appropriate criteria when auditing subject matter subject to complex legislation, and to ensure appropriate conclusions are reached when auditing subject matter subject to complex legislation. What is proposed in paragraph 50(a) may be difficult to achieve effectively without the expertise of someone who is formally legally trained. Paragraph 89 may also be describing an instance when a formal consultation with a legal expert may be required. These are a few ideas to help illustrate our observation but there are likely many other reasons to seek the help of a legal expert in the context of a compliance audit (but always in the context of an assurance engagement and not a legal investigation that falls outside the scope of the ISSAI framework).</p> <p>The "Audit team management and skills" sections of ISSAI 400 and 4000 offer very little information on this.</p> <p>We recommend that you review ISAE 3000 paragraphs 26-32 to help you identify specific requirements that may be relevant to a compliance audit. Once the relevant requirements are identified, making reference to the appropriate requirements defined in ISSAI 1620 may be appropriate.</p>		
The State Audit Institution of the United Arab Emirates	Para 30	<p>ISSAI 4000 paragraph 30 explains that it is possible to provide either reasonable and limited assurance at the conclusion of a compliance audit engagement but ISSAI 4000 does not clearly define the procedures that must be performed to achieve each desired level of confidence. A user of this framework must understand what needs to be done to reach each of these conclusions.</p> <p>We agree that professional judgement must be applied to ultimately conclude on the appropriateness of the nature and extent of audit work that must be performed to support each of these conclusions but this framework, as presented, is insufficiently prescriptive to ensure that a minimum standard of quality is consistently met.</p> <p>ISRE 2400 (Revised) paragraphs 47-49 prescribe the nature and extent of the required testing procedures in the context of a review of historical financial information (limited assurance). Though the subject matter is different, you may find this information useful in helping you develop requirements in the context of a compliance audit.</p>		
The State Audit Institution of the United Arab Emirates	Para 128	ISSAI 4000 paragraph 128 should also include the desired level of assurance as this will have a direct impact on the extent and nature of evidence that must be obtained.		
The State Audit Institution of the United Arab Emirates	Para 65-68	ISSAI 4000 paragraphs 65 to 68 appear to be attempting to add depth to ISSAI 100 paragraph 42 and ISSAI 400 paragraph 48 but they do not appear to include documentation requirements for all phases of the audit.		
The State Audit Institution of the United Arab Emirates	Para 8	We do not disagree with what is written but the placement in the document seems unusual. This seems to be addressed later in the document at paragraph 43.		
The State Audit Institution of the United Arab Emirates	Para 10	The last sentence uses language that is very open which leaves the users guessing what "additional requirements" and which "parts of the audit process". Also, this is relevant to our observation in #3 as it seems to be describing an exit from the ISSAI framework.		
The State Audit Institution of the United Arab Emirates	Para 41	Attempts to paraphrase what is written in ISSAI 100 paragraph 40 and ISSAI 400 paragraph 46 but uses unusual language that will cause confusion "will be handled". We have identified this as a duplication in our comment #2 above. If it remains it should be aligned as audit risk is a defined technical term.		
The State Audit Institution of the United Arab Emirates	Para 46	In the last sentence, due care should always be exercised when professionals perform all their work so it is not clear why this is specified for a particular scenario. In an assurance engagement, audit work should not be performed with the aim of supporting future legal proceedings as this is not a valid objective for an assurance engagement. The wording "caution as not to interfere with potential future legal proceedings or investigations" is not an appropriate inclusion into the ISSAI framework for this reason. See comment #3 above.		
The State Audit Institution of the United Arab Emirates	Para 48	The wording "low-impact audit findings and reports" is unusual since the objective of an ISSAI-compliant audit should be to focus on the most significant risks in the context of the audit being performed with the outcome determined by the work performed in accordance with the ISSAI framework. With this wording, the focus seems to be on producing findings of a particular nature which seems unusual.		
The State Audit Institution of the United Arab Emirates	Para 70	"The auditor shall communicate..." Also, the addition of the word "formal" causes an inconsistency with ISSAI 100 paragraph 43 and ISSAI 400 paragraph 49 which are not restricted to formal communications.		
The State Audit Institution of the United Arab Emirates	Para 76	The purpose of the paragraph is unclear. The wording "crucial for auditing" seems unusual. This is just repeating what is mentioned in paragraph 75. We suggest rewording this paragraph or removing it.		
The State Audit Institution of the United Arab Emirates	Para 79	"For some subject matters, there may be more than one responsible party." Also, you may want to expand on this to improve clarity for the users.		
The State Audit Institution of the United Arab Emirates	Para 80	"Specific aspects" is an unusual choice of words for a requirement as it is too vague and likely undefined.		
The State Audit Institution of the United Arab Emirates	Para 85	"considers"		
The State Audit Institution of the United Arab Emirates	Para 92	indicates that you can conclude on an issue without having identified suitable criteria and paragraph 86 requires the auditor to identify suitable criteria. We feel that the idea expressed in paragraph 92 needs to be clarified to clear this conflict.		
The State Audit Institution of the United Arab Emirates	Para 95	"Identifying the audit questions" is unclear. We feel this should be clarified.		
The State Audit Institution of the United Arab Emirates	Para 106	"he or she have to endeavour to appropriately address the audit risk" This is attempting to paraphrase technical language from ISSAI 100 paragraph 40. We recommend using the same wording to eliminate any confusion that this may cause.		
The State Audit Institution of the United Arab Emirates	Para 145	"Developing audit findings" is very unusual wording. The audit findings are the result of the ISSAI-compliant audit are supported by the audit evidence obtained, they are not "developed".		
The State Audit Institution of the United Arab Emirates	Para 108	"And other tangible and intangible factors" use of this language has the effect of excluding nothing which may cause confusion for the users of the framework.		
The State Audit Institution of the United Arab Emirates	Para 110	"on the analysis extent" We recommend rewording to clarify.		
The State Audit Institution of the United Arab Emirates	Para 150	This is true for all engagements, not just direct reporting engagements.		
The State Audit Institution of the United Arab Emirates	Para 153	The purpose of this paragraph is unclear.		
The State Audit Institution of the United Arab Emirates	Para 169	The purpose of this paragraph is unclear.		
The State Audit Institution of the United Arab Emirates	Para 179	"needs"		
The State Audit Institution of the United Arab Emirates	Para 188	"have also" -> "also have"		
The State Audit Institution of the United Arab Emirates	Para 193	The wording "where permitted by law" seems unusual as communicating instances of non-compliance to those charged with governance within an organization would not be prohibited by law. Communicating such instances outside an entity may be constrained by law. We recommend that you clarify this paragraph. Also, introducing the concept of limited assurance in the paragraph on incidental findings is unclear to us.		
The Bundesrechnungshof	Para 83 and 84	<p>When selecting an audit topic it may be of merit to either provide some additional information on the three aspects mentioned in the ISSAI and/or consider some other aspects in addition.</p> <p>In the ISSAI 4000, materiality is dealt with in detail whereas the risk aspect could be usefully extended (Marked in red).</p> <p>If a body manages lower amounts of budget funds strictly speaking it might never be subject to compliance audit. One aspect for selecting audit work therefore is audit gap oriented selection to ensure audit coverage at regular intervals of all and any bodies managing budget funds. Any audit findings from earlier audit work can be usefully relied on by the auditors. Apart from that, any notification of audit work may have a deterrent effect helping to ensure that non-compliance is addressed by the mere announcement of audit work even before the auditors step in. Therefore to foster a culture of sound budgetary management the prospect of being audited every 5-10 years is seen to be very beneficial.</p> <p>The wording we suggest is the following:</p> <p>83. Based on the significance of an audit topic, the assessed risk of non-compliance and the need for periodic audit coverage, the auditor identifies the subject matter.</p> <p>84. The main subject matter can be split into several underlying subject matters. In doing so the auditor identifies the materiality as well as the risk of non-compliance (new fields of government action or suspicious evidence), any earlier audit work or and the needs of the intended users.</p>		
Office of the Auditor General of Canada	General comment	We support INTOSAI's project to revise its compliance audit standards following the adoption of the new ISSAI 400 Fundamental Principles of Compliance Audit.		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
Office of the Auditor General of Canada	General comment	<p>ISSAI 4000 has been prepared as a standalone standard with a view stated in paragraph 27 of the proposed standard that a compliance audit is either a direct engagement or an attestation engagement.</p> <p>Level 4 INTOSAI standards and guidance for both direct engagement and attestation engagements are provided in the INTOSAI framework. As a result, we feel there is no need to present level 4 compliance audit standards and guidance for those elements that already exist in either the direct engagement standards or the financial audit standards, provided they require no further explanation.</p> <p>We hold the view that duplication of components of direct engagement or financial audit standards introduces the risk that the compliance audit standard is inconsistent with the direct engagement or financial audit standard. Further, it may promote a perception that compliance audits are separate forms of engagements.</p> <p>We would therefore recommend that compliance audit standards at level 4 of the INTOSAI framework present only the requirements and guidance incremental to engagements concerning or including compliance auditing that are to be applied in addition to the core standards of direct engagements or financial audit engagements. The compliance audit standard would supplement, but not replace, the direct engagement and financial audit engagement level 4 standards, and would expand on how these are to be applied in an assurance engagement on compliance with legislative authorities in the public sector.</p> <p>Applying this approach, the compliance audit standard at level 4 of the INTOSAI framework would likely focus on:</p> <ul style="list-style-type: none"> - Objective of compliance audit - Selection of subject matter - Significance/materiality - Reporting - Guidance for SAIs with jurisdictional powers <p>The above approach would allow more robust guidance with respect to each of the above important aspects of compliance audit which are incremental to the requirements and guidance set out in the base direct engagement and financial audit standards. In addition, it would allow an auditor to more easily identify those items that are incremental to the standards and guidance already being applied and any resulting impact on the auditor's report.</p>		
Office of the Auditor General of Canada	General comment	<p>Making reference to ISSAIs in the auditor's report</p> <p>The proposed standard accepts that compliance audit work may be performed as part of an existing engagement, however, reference to the ISSAI framework in the auditor's report in paragraph 21 does not illustrate an audit conducted in accordance with multiple standards in the INTOSAI framework (e.g. ISSAI 3000 and 4000). It is therefore not clear what is expected to be referenced in audit reports of combined audits. We would encourage further reporting guidance if auditors will be expected to make reference to multiple components of the INTOSAI framework</p>		
Office of the Auditor General of Canada	Para 61 and 64	<p>Linkages between firm and engagement level standards for audit quality</p> <p>Auditors performing compliance audits in a supreme audit institution are subject to firm/organizational level and engagement level standards for audit quality set out in other components of the INTOSAI framework.</p> <p>We noted differences between the engagement level audit quality requirements in level 4 of the INTOSAI framework when comparing them to the proposals found in ISSAI 4000. Presenting SAIs with different engagement level audit quality requirements when engagements may be combined can threaten the integration and consistent understanding and application of these important aspects of audit quality.</p> <p>For example:</p> <ul style="list-style-type: none"> - Paragraph 61 assigns responsibility for engagement team competence to the SAI/organization, whereas other engagement standards assign this to an individual. - Paragraph 64 requires documentation to be completed before the audit report is issued, while ISSAIs for both financial audit and performance audit allow for the completion of documentation after the report is issued. 		
Office of the Auditor General of Canada	Para 40	<p>Audit Risk</p> <p>It is not clear in the requirements in paragraph 40 or the accompanying explanations to what level the risk of producing incorrect or incomplete findings is to be reduced.</p> <p>When discussing audit risk, standards should be clear on the level to which the risk shall be contained.</p>		
Office of the Auditor General of Canada	Para 58	<p>Engagement Performance</p> <p>Quality control – paragraph 58 requires the "auditor" to take responsibility for overall quality and perform quality control procedures at all stages of the audit. This requirement, however, is unclear as to who specifically, has the responsibility for audit quality. Guidance paragraphs that follow the above are vague in terms of what quality control procedures actually are.</p> <p>By comparison, ISSAI 1220, for example, is much more clear and prescriptive in respect of who has responsibility for audit quality and what engagement performance and other standards in respect of quality are.</p>		
Office of the Auditor General of Canada	Para 84	<p>Scoping the subject matter - significance and risk</p> <p>Paragraph 84 of the proposed standard provides that when determining audit scope for compliance audits, significance and risk should be assessed.</p> <p>In our view, the auditor may scope in a particular subject matter where it is significant, even when the risk of non-compliance is low. Paragraph 84 is not clear in this regard and may be read to suggest only those matters where the risk of non-compliance is higher should be scoped into the engagement.</p> <p>In planning a compliance engagement, an auditor may conclude that the significance of an item warrants examination, even if the risk of non-compliance is low.</p>		
Office of the Auditor General of Canada	Para 47 and 94 and para 137-142	<p>Materiality</p> <p>Use of terminology for materiality (or significance) is not consistent throughout the document. Paragraph 47 refers to significance, paragraph 94 refers to materiality.</p> <p>Materiality as it relates to compliance audit can be a somewhat complex topic. What is material/significant in terms of reporting to users an instance of non-compliance may be very different than the materiality level being applied in a financial audit. Further, in a combined audit, direct application of a financial audit quantitative materiality threshold may result in little or no work performed with respect to compliance with authorities, which may or may not meet user's needs or expectations of the auditor.</p> <p>Paragraph 96 introduces that materiality serves two purposes – assisting in the determination of the extent of testing and evaluating the significance of identified instances of error/non-compliance in order to determine their impact on the subject matter information, users and ultimately, the auditor's report.</p> <p>Given the above, we recommend additional guidance concerning the application of the concepts of materiality to compliance audits.</p> <p>For all compliance audits:</p> <ul style="list-style-type: none"> - Greater insight into how materiality used to determine extent of testing may vary from that used to evaluate and report instances of non-compliance. - When quantitative materiality should be set and used to determine extent of testing vs. when alternate sources of sample size determination should be used (e.g. based on volume of occurrences rather than dollar amounts). We note that audit sampling guidance set out in paragraphs 137 – 142 of the proposed standard is not linked to the discussion of materiality and when a quantitative materiality is not being used, guidance concerning the principles to apply in determining sample sizes would be valuable to auditors. <p>For combined financial and compliance audits:</p> <ul style="list-style-type: none"> - The instances where the financial audit materiality threshold is appropriately applied. - The instances where a threshold lower than that established for the financial audit is more appropriately applied and how should it be determined. 		
Office of the Auditor General of Canada	Para 131	<p>Gathering audit evidence</p> <p>Paragraph 131 lists evidence gathering methods that are incomplete in comparison with those used for audit level of assurance engagements set out in direct reporting and attestation engagement standards.</p> <p>Notably, we noted the omission of recalculation and reperformance.</p>		
Office of the Auditor General of Canada	Reporting	<p>Reporting</p> <p>Financial audit (or attestation) reports differs from those of a direct engagement. Where a compliance audit is conducted primarily as a component of a financial audit, elements of that compliance audit may actually have been conducted as direct engagements if no party other than the practitioner has measured or evaluated the underlying subject matter against criteria. Due to the combined nature of the engagement, additional explanations may be needed in the audit report – particularly to describe the subject matter in more detail as the subject matter may extend beyond the financial statements and notes, and the work performed may include procedures beyond that needed to form a conclusion on the financial statements. Reporting requirements and guidance would be improved by addressing the above.</p> <p>The IAASB has exposed for comment and recently approved final new and revised standards that significantly change the form and content of the audit's report. These changes to ISAs for financial audit are in the process of being incorporated in to the INTOSAI framework for financial audit and will be exposed by the Financial Audit Subcommittee of INTOSAI shortly. In developing a new compliance audit standard, any reporting requirements and guidance should be reviewed for consistency and allow for its application in conjunction with these new and revised standards.</p>		
Office of the Auditor General of Canada	Para 193	<p>Incidental findings</p> <p>Paragraph 193 provides that when an auditor is not actively performing an audit or review of compliance with authorities, the auditor may nevertheless uncover examples of non-compliance. In such instances the auditor is guided to not obtain or provide assurance with respect to the existence or absence of the condition related to the incidental findings.</p> <p>Presumably, the guidance is based on a presumption that the auditor likely has insufficient evidence to conclude with reasonable assurance as to whether the entity has complied with all other relevant authorities or that the evidence in support of the non-compliance is sufficient and appropriate. Reporting the incidental finding with audit level assurance might mislead the reader as to the absence of instances of non-compliance in remaining relevant authorities.</p> <p>Additional guidance in the proposed standard would be helpful to further explain this view.</p>		
Auditor-General of South Africa	Note from the CAS secretariat	<p>Due to the fact that the comments from the Auditor-General of South Africa is made with track changes in a word version of the ISSAI 4000 and therefore has caused the Paragraphs in their document to alter in accordance to insertion of new suggested paragraphs etc, the CAS secretariat has implemented the comments with references to the original paragraphs of the exposure draft.</p>		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
Auditor-General of South Africa	General comment	<p>I have some general observations and reasons for some of the comments to follow.</p> <p>Let me however begin by saying this is a good basis for a standard and shows that a lot of work has been done. There are some issues that I believe that are really important to clarify before this can be finalised as a standard for world-wide implementation, this is an awesome responsibility, as very few countries have a standard for this.</p> <ul style="list-style-type: none"> • It is not clear whether this standard adds to ISSAI 400 and 100 or whether it is intended to include all the concepts in these documents. In some cases the matters in 100 & 400 are repeated, sometimes they are contradicted, sometimes they are added to, sometimes they omitted. It is important that a decision is made on this and that it is followed consistently. • There are grammatical issues also some vocabulary matters and I have tried as best as possible to indicate corrections • There are some issues that I believe have not been covered, one of which is the difference between an audit where limited assurance is given and one where reasonable assurance is given. The only indication I noted of this is in par 32,104 and in reporting. Please refer to ISAE 3000 (revised) par 45 which gives substantial detail on the differences. • There are a number of areas where concepts have been duplicated in close proximity to one another. • It is not always clear where the requirements should be dealt with differently when it is indirect reporting engagement • Remain true to normal auditing terminology and concepts as developed in the world so as not to confuse and detract the readers <p>I will endeavour to provide input on most of these but suggest that someone spend time doing a comprehensive view of this document as compared with ISSAI 100 & 400 and also ISAE 3000 (revised), although this may already have been done.</p> <p>It may also be an idea for some of the common concepts to simply refer to the corresponding requirement in the financial audit ISSAIs where these are covered in detail. We have found this useful in writing our methodology on compliance auditing.</p>		
Auditor-General of South Africa	Para 2	Last sentence. ISSAI 4000 is the International Standard for Compliance Auditing and should be read and understood in conjunction with ISSAI 100 and ISSAI 400. See general comment.		
Auditor-General of South Africa	Para 3	Remove "...and readability"		
Auditor-General of South Africa	Para 4	suggestion: Requirements contain the minimum necessary for high quality audit work. They clarify what is expected of the auditors in performing their work.		
Auditor-General of South Africa	Para 4	"... and to stakeholders what they can expect from the auditors work." Note: Not the purpose of an auditing standard.		
Auditor-General of South Africa	Para 4	"...Requirements are "shall" statements presented in bold." Note: Does this conform with the agreed drafting convention of the PSC, it is not consistent with the other ISSAIs.		
Auditor-General of South Africa	Para 6d	Suggested removed. Note: As the audit is a continuous process dividing into stages is not appropriate even though there are different phases in the audit process.		
Auditor-General of South Africa	Para 8	Removed. Note: This is not relevant in the introduction and does not flow from the previous content.		
Auditor-General of South Africa	Heading between para 8 and 9	compliance audits conducted by SAIs with jurisdictional powers		
Auditor-General of South Africa	Para 9	Suggestion altered: The ISSAI includes requirements and explanations for compliance audits conducted by SAIs with jurisdictional powers.		
Auditor-General of South Africa	Para 10	Because of the jurisdictional status conferred on SAIs with jurisdictional powers, these SAIs have the power to exercise judgement and make decisions concerning the accounts and over responsible persons. For these SAIs there are additional requirements and explanations related to the different requirements of the audit process. Note: 1st sentence: What are the decisions and judgements, is it about those responsible for non-compliance, the sentence is incomplete as it is not feasible that they would have any decisions on the content of the accounts or who the responsible persons are.		
Auditor-General of South Africa	Para 11	2nd sentence. However, following the planning, performance and evidence gathering phases, there may be additional and specific issues that may lead to opening the process of instructions and to a final formal judgement on the matters of non-compliance. "opening the process of instructions": note: it is not clear what this means.		
Auditor-General of South Africa	Para 12	"...due process of law and public audience and full guarantees of a fair trial and subject to specific rules and regulations and in accordance with applicable jurisprudence of international courts of human rights." Note: This seems over the top, can an auditor guarantee a fair trial, are all these terms necessary and relevant, duplication??? Of principles.		
Auditor-General of South Africa	Para 13	Suggested altered: SAIs with jurisdictional powers may also pronounce judgments and sanctions on those responsible for managing public funds and assets. Such SAIs may assess whether responsible persons may be held liable for the loss, misuse or waste of public funds or assets and whether they should be subject to sanctions or penalties.		
Auditor-General of South Africa	Para 18	"SAIs should make reference to the standard they follow in their audit reports" Note: Recommended that something similar to par 17 & 18 in ISAE 3000 (R) be included here.		
Auditor-General of South Africa	Para 18	"a more general form of communication may be used covering a defined range of engagements." Note: Not clear what this refers to, the standards or the report, is it relevant as an audit should always refer to the standard and should always have a report.		
Auditor-General of South Africa	Heading between para 21 and 22	Note: Brackets not necessary as this standard only deals with a compliance audit.		
Auditor-General of South Africa	Heading between 23 and 24	When refer to the process it is compliance auditing when it is the type of audit then it is a noun and would be preceded by a		
Auditor-General of South Africa	Para 24	Legislation and other authorities : Note: See highlighted areas below, there is no consistency in the use of these terms, if they are collectively authorities then this is the term that should be used consistently in the standard. The standard lacks a section of definitions of key terms (most standards have this) and this must be included. parliamentary decisions, law, legislative acts, policy, established codes and agreed upon terms, named authorities.		
Auditor-General of South Africa	Para 25	regularity - Note: This term has purposely not been used in ISSAI 100 (decision at harmonisation project). The compliance with laws etc is the regulatory environment.		
Auditor-General of South Africa	Para 25	Additional sentence at the end: Compliance audits are carried out by assessing whether activities, financial transactions and information comply, in all material respects, with the authorities who applicable to govern the audited entity.		
Auditor-General of South Africa	Para 26	Suggested altered: The SAI promotes good governance by identifying and reporting deviations from applicable criteria, so that corrective action may be taken and so that those responsible are held accountable for their actions.		
Auditor-General of South Africa	Para 28	Suggested altered: In direct reporting engagements it is the auditor who measures or evaluates the subject matter against the criteria. The auditor selects the subject matter and criteria, taking into consideration risk and materiality. The outcome of measuring the subject matter against the criteria is may be presented in the audit report in the form of findings, recommendations, conclusions, recommendations or an opinion (ISSAI100/29).		
Auditor-General of South Africa	Para 29	Note: Direct reporting should also be addressed here as the following paragraphs apply to both.		
Auditor-General of South Africa	Para 30	Suggested altered: The users of audit reports will wish to be confident about the reliability of the information that they use for making decisions. The auditor provides the user with this confidence, namely assurance in the audit report. Based on the needs of the intended user, the SAI designs the audit to provide either a reasonable or a limited level of assurance.		
Auditor-General of South Africa	Para 31	Note: This should be consistent ISSAI 100 par 32 and 33. The matter of opinions and conclusions should not be used interchangeably.		
Auditor-General of South Africa	Heading, General requirements of compliance auditing	<p>Before this section there should be included definitions of key principles or actions included in this standard. See ISAE 3000 (revised) par 12 for examples, also financial ISSAIs.</p> <p>As stated above the difference application of these requirements for limited vs reasonable assurance and direct vs attestation engagements must be clearly identified. This is very important.</p>		
Auditor-General of South Africa	Para 36	As stated in my opening comments, it must be clear whether this is a complete standard or whether the auditor has to go and refer to a number of other documents to understand what is required, even though it is stated that this should be read with ISSAI 100 and 400, neither of these contains all the matters that should be considered.		
Auditor-General of South Africa	Para 38	Suggested altered: 38. The auditor demonstrates independence in selecting their audit objectives and defining the criteria. The auditor needs to ensure that communication with stakeholders does not compromise the independence of the SAI.		
Auditor-General of South Africa	Para 38	1st sentence: Note: Reg. Defining the criteria: Cannot see how this impacts independence – it is the suitability and appropriateness of criteria that is important.		
Auditor-General of South Africa	Para 38	2nd sentence: Note: All "needs to" would be better if they were changed to "should"		
Auditor-General of South Africa	Para 38	2nd sentence: Note, reg: Impartially: Dealt with par above		
Auditor-General of South Africa	Para 38	Note: The 1st and 2nd sentences are unrelated		
Auditor-General of South Africa	Para 41	Suggested altered: Reducing audit risk includes the following aspects: anticipating the possible or known risks of the work envisaged, developing procedures to address those risks during the audit planning and methodology selection and documenting which and how those risks will be addressed. In addition, when concluding, the auditor needs to evaluate whether they have sufficient and appropriate audit evidence when assessing subject matter against criteria to form conclusion(s).		
Auditor-General of South Africa	Para 41	Note: Reg. Methodology: A methodology is not part of a standard but rather how the SAI implements the standards		
Auditor-General of South Africa	Para 44	Suggested new sentence at end: The auditor considers the risk of fraud and documents the responses to these risks		
Auditor-General of South Africa	Para 45	Suggested deleted.		
Auditor-General of South Africa	Para 46	Suggested altered: If the auditor identifies instances of non-compliance which may be indicative of fraud, they should exercise due professional care and caution so as not to interfere with potential future legal proceedings or investigations.		
Auditor-General of South Africa	Para new - moved from 183	<p>Due to the inherent limitations of an audit, there is an unavoidable risk that unlawful acts, including fraud or theft may occur and not be detected by the auditor. Fraud may consist of acts designed to intentionally conceal its existence. There may be collusion between management, employees or third parties, or falsification of documents. For example, it is not reasonable to expect the auditor to identify forged documentation in support of claims for grants and benefits, unless he/she is reasonably obvious forgeries. In addition, the auditor may not have investigative powers or rights of access to individuals or organizations making such claims. Note: This should move to the section on fraud" Due to the inherent limitations of an audit, there is an unavoidable risk that unlawful acts, including fraud or theft may occur and not be detected by the auditor. Fraud may consist of acts designed to intentionally conceal its existence. There may be collusion between management, employees or third parties, or falsification of documents. For example, it is not reasonable to expect the auditor to identify forged documentation in support of claims for grants and benefits, unless he/she is reasonably obvious forgeries. In addition, the auditor may not have investigative powers or rights of access to individuals or organizations making such claims. "</p>		
Auditor-General of South Africa	Para new - moved from 192	Fraudulent transactions are, by their nature, not in compliance with the applicable law. The auditor may also determine that transactions where fraud is suspected, but not yet proven, are not in compliance with the applicable law. Material unlawful acts normally result in a modified audit opinion or conclusion. Note: Should be with fraud. "Fraudulent transactions are, by their nature, not in compliance with the applicable law. The auditor may also determine that transactions where fraud is suspected, but not yet proven, are not in compliance with the applicable law. Material unlawful acts normally result in a modified audit opinion or conclusion."		
Auditor-General of South Africa	Heading: Selection of significance of subject matter(s)	Suggested altered: Selection of significant subject matter(s)		
Auditor-General of South Africa	Para 50b	Suggested altered: Significance in relation to the rule of law, transparency and accountability in public administration or regarding the management or beneficiaries of public funds and other principles of good governance		
Auditor-General of South Africa	Para 50c	Suggested deleted: "...or of public funds managers or beneficiaries." Note: Already dealt with above		
Auditor-General of South Africa	Para 55	Suggested altered: The auditor shall exercise professional skepticism, and maintain an open and objective mind.		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
Auditor-General of South Africa	Para 57	Suggested deleted: (...)misstatement and...		
Auditor-General of South Africa	Para 59	Suggested deleted: (...)audit report(...)		
Auditor-General of South Africa	New Para	Suggested sentence: "The auditor should ensure that appropriate procedures are performed and that reviews are performed throughout the audit process."		
Auditor-General of South Africa	Para 60	Suggested altered, and new sentence added: The quality control procedures should cover the planning, performance and reporting stage and should be performed prior to reporting. The review should include an evaluation of significant judgements made by the auditor. Note: reg Performance: Need to be consistent in terminology used...		
Auditor-General of South Africa	Para 62	Suggested altered: 64. The audit team should be composed of team members that collectively have the necessary knowledge, skills and expertise to perform the audit in accordance with standards.		
Auditor-General of South Africa	Para 62c	Suggested altered: "An understanding of the audited entity's operations and appropriate experience for the type of entity and operations being audited."		
Auditor-General of South Africa	Para 62c	Note. Reg. "domaine" (suggested deleted): Not clear what this. I assume it means the type of business (industry). This is the incorrect term.		
Auditor-General of South Africa	Para 63	Suggested altered, last sentence: "The auditor evaluates whether experts have the necessary independence, competence, capabilities and objectivity and determine whether their work is adequate for the purposes of the audit. Even if some part of work is outsourced, the auditor is still responsible for the conclusion, even though it is based on evidence from an external expert ." Note: These principles are at the level of the audit not overall and are the responsibility of the audit team which includes the engagement manager responsible for assigning the team to the audit.		
Auditor-General of South Africa	Para 65	First sentence, suggested altered: remove compliance		
Auditor-General of South Africa	Para 65	Suggested altered: The purpose of documenting the audit work performed, is both to enhance transparency about the work performed, and to enable an experienced auditor having no prior knowledge of the audit to subsequently determine what work was done in order to arrive at the audit findings, recommendations, conclusions and opinions. Note: reg. audit findings, recommendations, conclusions and opinions: These matters should be used consistently and in the same order – see par 28/29 and others.		
Auditor-General of South Africa	Para 65 b and c	Note: This information is contained in the strategy and plan mentioned in "a)" amend this section to reflect this		
Auditor-General of South Africa	Para 65e	Note: reg. findings, recommendations, auditor's conclusion(s) and opinion. : Not clear what this. I assume it means the type of business (industry). This is the incorrect term.		
Auditor-General of South Africa	Para 65f	Note: reg. Key decisions : Judgements is the word normally used.		
Auditor-General of South Africa	Para 65g	Suggested altered: Communications with and feedback from the audited entity,		
Auditor-General of South Africa	Para 65h	Suggested altered: Supervisory reviews and other quality control safeguards undertaken		
Auditor-General of South Africa	Para 66	Note: reg: relevant rules of evidence: What would these be?		
Auditor-General of South Africa	Para 68a	Note, reg. audit risk: Be careful not to confuse audit risk with the risk that the subject matter information is misstated. One is related to the auditor and the other the audited entity.		
Auditor-General of South Africa	Para 68 and 69	Note: sometimes "must " is used but mostly "needs to" – it should be consistent.		
Auditor-General of South Africa	Para 69	Suggested altered: The auditor needs to adopt appropriate procedures to maintain the confidentiality and safe custody of the audit documentation, and retain it for a period sufficient to meet the needs of the legal, regulatory, administrative and professional requirements of record retention and to enable the conduct of audit follow-up activities.		
Auditor-General of South Africa	Para 71	Note. Reg: i.e. confirming the terms of engagement. : This one of the principles of the audit process ee ISSAI 100.44		
Auditor-General of South Africa	Para 72	Note: Imprtant to note that it is a 2 way rprocess and is the source of information for the auditor's understanding and identification of risks see par 43 of ISSAI 100		
Auditor-General of South Africa	Heading: Requirements related to the compliance auditing process	Note: Please delete this diagramme. It does not add anything to the standard.		
Auditor-General of South Africa	Para 75	Note: This process has to happen before the strategy or audit plan or agreeing the terms of engagement – this should move to the section above. Another critical matter is evaluating the suitability of criteria also a pre-conditions for an audit.see ISAE 3000.24 and the explanatory section as well - It is really important to deal correctly with these matters in a standard.also make ref to par 7 above		
Auditor-General of South Africa	Heading: Identifying the specific aspect of the subject matter	Suggested altered: Obtaining an understanding of the subject matter		
Auditor-General of South Africa	Para 80	Suggested altered: The auditor shall obtain an understanding of identify the specific aspects of the subject matter to be measured or evaluated against criteria.		
Auditor-General of South Africa	Explanation between para 80 and 81	Please see detailed information on this in ISAE 3000.46 – 47. II		
Auditor-General of South Africa	Para 83	Note: reg significance of an audit topic: This is not a common matter in auditing standards and is not expalined in this ISSAI. I am am not sure what it means. Surely the subject matter required to be audited is prescribed in legislation or similar or other and only in direct reporting would the auditor decide on the subject matter.		
Auditor-General of South Africa	Para 84 and 85	Note: Please reconsider wording li line with previous comment (Para 83)		
Auditor-General of South Africa	Heading: Identifying Audit criteria	Suggested altered: Audit criteria		
Auditor-General of South Africa	Para 86-93	Note: The most critical matter here is that the criteria is suitable. This has not been mentioned below.		
Auditor-General of South Africa	Para 88	Note: Please refer to comments on authorities etc – . Also this is a pre-condition foan an audit see ISAE 3000.24 and the application guidance, per 93 below is the most important and should be moved to a section on pre-conditions for an audit.		
Auditor-General of South Africa	Para 90 a, b,c	Note: Duplication of 86 above.		
Auditor-General of South Africa	Para 91 a, b, c	Note: Will it be possible that these fulfill the conditions of suitable criteria?		
Auditor-General of South Africa	Para 92	This goes against the principles of suitable criteria. Or expalin that this would in a communication other than the normal audit report.		
Auditor-General of South Africa	Para 95	Note. Reg. Both the audit questions: What is this about, normally this is only for performance audit as it is how the subject matter is determined in my understanding, not relevant here, or please explain how it relates to the subject matter and criteria.		
Auditor-General of South Africa	Para 96	2nd sentence: Note: I do not follow – see previous comment. (para 95)		
Auditor-General of South Africa	Para 96	Suggested altered: The concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified errors on the audit and in forming the opinion/conclusions in the auditor's report. In the planning phase, assessing materiality helps the auditor to identify the audit questions which are of importance to the intended users . In performing the audit, the auditor uses materiality in the decision of the extent of audit procedures to be performed and the evaluation of audit evidence.		
Auditor-General of South Africa	Para 99	Note. Reg. Quantitative factors: See par 96 below, why no further informative on these factors (se par 99 below?).		
Auditor-General of South Africa	Para 97	3dr sentence suggested deleted. Note: This is not correct, only qualitative and quantitative factors, it cannot be measured see comment 48 above (Para 90)		
Auditor-General of South Africa	Para 97	4th sentence suggested altered: While not necessarily unlawful, instances of excess spending over appropriations authorized by the legislature or introduction of a new service not provided for in the approved appropriations, may be instances of non-compliance that are not material but may still warrant communication to the auditee due to their nature.		
Auditor-General of South Africa	Para 98	3dr sentence suggested deleted. Note: This a general comment and not linked to quantitative materiality.		
Auditor-General of South Africa	Para 99a	Note: Explain how diffrent this is to materiality.		
Auditor-General of South Africa	Para 99a	Note: reg. entitys patrimony: I assume this refers to its mandate, patrimony does not seem to be correct and I have never come across it in the public sector		
Auditor-General of South Africa	Para 99b	Note: I am confused – does this relate to materiality for intended users?		
Auditor-General of South Africa	Para 99f	Note: Should not be used for assessing current year noncompliance only for risk and setting overall materiality		
Auditor-General of South Africa	Para 99h	Note: Lack of controls does not impact materiality only the risk and procedures to be performed		
Auditor-General of South Africa	Para 99i	Note: Combine with (g) above and please check that this is realistic		
Auditor-General of South Africa	Heading: Identifying the level of assurance	Please reconsider sequence of processes documented here, this would be an initial consideration, before materiality etc.		
Auditor-General of South Africa	Para 100	Suggested altered: Depending on the mandate of the SAI, the characteristics of the subject matter, and the needs of the intended users, the auditor shall perform an audit to provide reasonable or limited assurance.		
Auditor-General of South Africa	Para 101	Suggested altered: The needs of the intended users may be contained in the mandate of the SAI or may be identified through communication with the intended users or those charged with governance.		
Auditor-General of South Africa	Para 102b	Note:Who is this/ - users or responsible party		
Auditor-General of South Africa	Para 103	Suggested altered: 105. In a reasonable assurance engagement, the auditor gathers sufficient appropriate evidence to conclude that the subject matter complies in all material respects with identified suitable criteria, and provides a report in the form of a positive assurance.		
Auditor-General of South Africa	Para 106	Suggested altered: By identifying and evaluating the entity's inherent and control risks, the auditor can define the nature and the extent of the evidence-gathering procedures required to test compliance with the criteria.		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
Auditor-General of South Africa	Para 107	1st sentence, Note: Remember there are 5 components of internal not just the control environment and all must be assessed.		
Auditor-General of South Africa	Para 113a	Suggested altered: Nature timing and extent of planned audit procedures and when they will be performed,		
Auditor-General of South Africa	Para 113b	Note: Once again please do not confuse audit risk with the risk assessment of the auditee, i.e. the risk of non-compliance and how this will be responded to.		
Auditor-General of South Africa	Para 116	Note: Please consider ISAE 3000.48&49, 50 on differences between reasonable and limited assurance		
Auditor-General of South Africa	Para 117	Note: This concept of a conclusion or opinion is not dealt with consistently in this document.see previous comments.		
Auditor-General of South Africa	Para 123	Suggested to delete following: (...) to reduce this risk of non-detection to an acceptable low level. Note: Does not link to the first part of the requirement and is superfluous.		
Auditor-General of South Africa	Para 125	Suggested altered: The evidence gathering process continues until the auditor in SAIs with jurisdictional powers is satisfied that sufficient and appropriate evidence exists to provide a basis for the auditor's conclusion on whether persons responsible for the noncompliance liable for any loss, misuse or waste of public funds and should be discharged for their mis-management.		
Auditor-General of South Africa	Para 127d	Note: Why change from officials, is this really an issue?		
Auditor-General of South Africa	Heading: Gathering audit evidence	Note: The terms is performing audit procedures to obtain audit evidence		
Auditor-General of South Africa	Para 128	Note: Combine with 114 also please refer to ISAs to ensure these concepts are correctly captured.		
Auditor-General of South Africa	Para 129	Note: See previous comment (para 128)		
Auditor-General of South Africa	Para 129	2nd sentence. Note: This is part of the components of internal control – Information and communication		
Auditor-General of South Africa	Para 129	4th sentence. Note: Auditors do not undertake surveys see par 131 below on methods of obtaining audit evidence.		
Auditor-General of South Africa	Para 129	6th sentence, suggested deleted, note: Duplication of previous sentence, the whole ISSAI is on compliance auditing		
Auditor-General of South Africa	Para 131b	Suggested altered:"Inquiry; Interviews "		
Auditor-General of South Africa	Para 131 a, b, c, d	Questionnaires are not normal, this is inquiry. Recalculation and reperformance have been omitted. See ISSAI 1500		
Auditor-General of South Africa	Para 132	Suggested altered: Observation involves looking at a process or procedure being performed. Inspection involves examining books, records and other information or physical assets. The auditor considers the reliability of any documents inspected and remains conscious of the risk of fraud and the possibility that documents inspected may not be authentic.		
Auditor-General of South Africa	Para 133	Suggested altered: Inquiry involves seeking information from relevant persons, both within and outside the audited entity. Interviews are generally neither sufficient, nor appropriate evidence on their own. In order to obtain sufficient and appropriate evidence, interviews are performed together with other types of evidence gathering methods.		
Auditor-General of South Africa	Para 135	2nd sentence: suggested altered: Analytical procedures bring some alerts of potential non-compliance, though may not present conclusive evidence just by itself.		
Auditor-General of South Africa	Para 136	Note: There is no requirement to use sampling. In some instances analytical procedures or testing the entire population or selecting specific items may be more appropriate. The issue what to do when using sampling. There are many more important matters to cover than those covered below.		
Auditor-General of South Africa	Para 137	Suggested altered: Audit sampling is defined as the application of audit procedures to less than 100% of items within a population such that all units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.		
Auditor-General of South Africa	Para 141	Suggested deleted. Note: Already covered in 135 above		
Auditor-General of South Africa	Para 143	Suggested altered: In SAIs with jurisdictional powers, inquiries shall be carried out in written form when required by national law . Note: Include as part of explanation in par 131		
Auditor-General of South Africa	Para 150	Note: This applies to all		
Auditor-General of South Africa	Requirement between Para 150 and 151	Note: For this section please refer to ISAE 3000 (r) par 67 – 78. It is also recommended that you refer to the revised ISA 700, 705 and 706 concerning the wording of the opinion and content of the audit report so that this ISSAI stands the test of time. When it becomes effective the revised ISAs will also be effective. Note: This is part of reporting and is a good reason for taking out the little diagrammes		
Auditor-General of South Africa	Para 151	Suggested altered: When the auditor provides an opinion or conclusion , he/she shall, based on an evaluation of whether non-compliance is material and/or pervasive, it shall indicate whether it is unmodified or has been modified. The report also includes the basis for the modification when applicable. Note: reg conclusion: Many of the principles below also apply to conclusions and this should be explained. Note: This also applies to a conclusion in limited assurance. Please refer to ISAE 3000 (R)		
Auditor-General of South Africa	Para 153	Suggested deleted: Note: This has nothing to do with the presentation of the opinion and anything relevant should be included in sections above.		
Auditor-General of South Africa	Para 155	Note: See comment 79 above (Para 143)		
Auditor-General of South Africa	Para 155a	Note: The reports will be different for direct reporting		
Auditor-General of South Africa	Para 155a i	Suggested altered: i. A qualified opinion (if compliance deviations are material, but not pervasive): "In our opinion, based on the procedures performed, the statement that the [entity] has complied with [abc], is in all material respects fairly stated we found that, except for (describe exception) . Note. reg. describe exception: This will probably be a separate paragraph and may be more than one.		
Auditor-General of South Africa	Para 155a ii	Note: reg. pervasive: Is this explained?		
Auditor-General of South Africa	Para 155a ii and b iii and iv	Note: Reconsider all of this wording please in light of comments above		
Auditor-General of South Africa	Para 157	Note: I do not follow this and would not know how to respond (also do not really agree)		
Auditor-General of South Africa	Para 158	Note: reg. contradictory process: This is not recognised auditing terminology and no idea what it refers to. Contradictory can mean – opposing, inconsistent, differing , ambiguous – it is never used to describe a process in english		
Auditor-General of South Africa	Para 159	Suggested altered: Reporting is an essential part of the audit and involves reporting deviations so that corrective actions may be taken, and so that those accountable may be held responsible for their actions. A written report, setting out findings, recommendations and a conclusions or opinion in an appropriate form as applicable, is to be prepared at the end of each audit.		
Auditor-General of South Africa	Para 163	Suggested altered: The principle of accuracy and consultation implies checking the accuracy of facts with the audited entity and incorporating responses as appropriate. Note: I have tried to use a more correct term, but contradictory process is not correct		
Auditor-General of South Africa	Para 164	Suggested deleted. Note: Covered previously		
Auditor-General of South Africa	Para 166	Note: This should follow or precede par 149		
Auditor-General of South Africa	Para 168	Note: The information below is not a MUST for all reports e.g. extent of audit, methods used, findings (should be basis for modification if any) – please consider previous comments on the format of the audit report and reference to other standards.		
Auditor-General of South Africa	Para 168 m and n	Suggested alter (as appropriate) to (where applicable)		
Auditor-General of South Africa	Para 169	Suggested deleted. Note: This is not a requirement for reporting		
Auditor-General of South Africa	Para 170	Note. Reg. findings. Basis for the modification if applicable		
Auditor-General of South Africa	Para 171	Suggested altered: The conclusion/opinion is a statement(...)		
Auditor-General of South Africa	Para split - new para 3rd sentende 171	1st sentence: When recommendations are included they are most effective when they are positive in tone and results-oriented, setting out clearly what needs to be done.		
Auditor-General of South Africa	Para 172	Suggested altered: Incorporating responses from the audited entity by reporting the views of responsible officials provides an indication of agreement to take action on the, matter reported. This involves discussing the draft report findings with the audited entity to help ensure that they are complete, accurate and fairly presented. It may also involve, as appropriate, incorporating the audited entity's response to matters raised, whether verbatim or in summary. Note: This process normally takes place during the audit when the findings are first communicated. This is all finalised by the time the final audit report is prepared. It is part of communication. Whilst there may be a "report" to management that includes this information it is not usual to include this in the final audit report but may be included in a long form report, however it is not a requirement and is not always practised everywhere.		
Auditor-General of South Africa	Para 173	Note: Combine with par 171. Indicate that there are different ways of communicating this and it is NOTa "requirement" for the final report – see previous comments.		
Auditor-General of South Africa	Para 174	Note: Par 171, 173, 174 and 173 could be a separate section under communication		
Auditor-General of South Africa	Heading: Report structure attestation engagement	See all comments above		
Auditor-General of South Africa	Para 176	Note: (...),also include as appropriate (...): While this states also include some of the issues below are repeats of matters included above and others are additional and others above are excluded, this is quite confusing. Please be sure that these are all "shall" requirements and are not optional in some instances.		
Auditor-General of South Africa	Para 178	Suggested altered: SAIs with jurisdictional powers may conclude those of discharge or personal liability for non-compliance acts. These are normally proposals and final decisions on personal liability and sanctions are taken in a jurisdictional process.		
Auditor-General of South Africa	Para 179	Suggested altered: The report needs to explain the methods applied by the auditor in determining whether or not each responsible person involved in collecting, administering, managing or utilizing public funds or assets is liable for the acts of non-compliance.		
Auditor-General of South Africa	Para 182	Suggested altered: The auditor may consider consulting with legal counsel or appropriate regulatory authorities. Furthermore, they may communicate their suspicions to the appropriate levels of management or to those charged with governance, and then follow up to ascertain that appropriate action has been taken. Because of the different mandates and organizational structures that exist internationally, it is up to the SAI to determine the appropriate action to be taken regarding instances of non-compliance related to fraud or serious irregularities.		
Auditor-General of South Africa	Para 183	Note: This should move to the section on fraud		
Auditor-General of South Africa	Para 185	Suggested altered: Sanctions or reimbursement may depend on the action and initiative of the public prosecutor attached to the court of accounts and be decided by a separated section or chamber of the court subject to the principles of due process of law and a fair trial, in compliance with basic binding principles of rule of law, as set up in the national constitution, or in international treaties or in international agreements on human rights ratified by the concerned nation applicable which are binding on the proceedings and rulings of the SAIs with jurisdictional powers when using these powers.		
Auditor-General of South Africa	Para 186	Note: This is one long sentence and there is a problem with the english. Please split. I am unable to follow and correct it.		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
Auditor-General of South Africa	Para 187	Suggested altered: Although the auditor does not determine if an illegal act constitutes a criminal offense or if civil liability has occurred, they do have a responsibility to assess whether the transactions concerned are in compliance with applicable laws and regulations and whether they constitute infringements that will lead the court to impose sanctions or reimbursement of undue or improper payments or of fund assets misappropriated., The court sanction is preceded by a fair trial in compliance with binding principles of the rule of law in a jurisdictional chamber and with full guarantee of defence being available to the person responsible for the non-compliance.		
Auditor-General of South Africa	Para 188	Suggested altered: In some cases the auditor may have also to proceed, under the supervision of a member of the court of accounts responsible for the audit with a special investigation, in order to determine who the precise entities responsible for the illegal transactions are, and to determine the exact level of censure, negligence or intentional behaviour or conduct of the responsible entities concerned.		
Auditor-General of South Africa	Para 189-195	Suggested altered 1st sentence: The auditor may also have to identify the rules and regulations and accounting principles, and budget management authorities infringed and the sanctions and reimbursement the responsible persons are liable for.		
Auditor-General of South Africa	Para 190	Note: (...) derogate: Not sure what in meant here, seems to be an incorrect term,perhaps it should be "revise"		
Auditor-General of South Africa	Para 192	Suggested deleted. Note: Should be with fraud		
Auditor-General of South Africa	Para 187-193	Note: Whilst I have tried to correct the english in these paragraphs there appear to be contradictions and duplications and the order of the concepts does not flow and jumps around. I suggest that they be read carefully and be refined and shortened.		
Auditor-General of South Africa	Para under Incidental findings	Last sentence suggested deleted.		
Auditor-General of South Africa	Para 195	Last sentence suggested altered: While such processes may be constructive for the audited entity, they should not be of such a nature that the compliance auditor's objectivity is impaired in future audits. Note: I think this sentence should be deleted		
Auditor-General of South Africa	General comment	There are some issues not covered in this tandard nor in ISSAI 100 or 400 such as: <ul style="list-style-type: none"> • Subsequent events • Written representations • The wording of a modified opinion • Projections of errors from the sample Please consider completeness as this will be the only standard on compliance auditing, refer to fiancial ISSAIs for consideration of this.		
	Para			
Austrian Court of Audit	Para 22	We do not support the proposed guidelines on mixed audits (para. 22). We propose that first the whole series of level 4 is adopted for each audit stream and then a separate working group deals with what to do in mixed audits. We don't think that each stream can ask that his/her rules be applied to mixed audits; we rather consider a principle of preponderance of a single stream relevant.		
Austrian Court of Audit	Para 111	In Paragraph 111 we question the wisdom of prescribing two different documents (audit strategy, audit plan) within one single audit. We fear that sometimes this will encourage bureaucracy instead of pragmatic project management. Therefore we propose to merge the content into one plan/strategy.		
Austrian Court of Audit	Para 151 ss	A very important issue for us is how to provide assurance (para. 151ss). We do not agree with the text as drafted and this would be a very serious issue for us. We do not think that every compliance audit needs to give assurance in explicit form either as "reasonable" or "limited" assurance. Instead, we think that the solution provided in the performance audit stream ("other forms of assurance") should also be given in compliance audits.		CAS secretariat question: I thank you for your response to the ISSAI 4000 exposure draft. Your comments are very important. I have a question to the remark you made on giving assurance. You wrote: A very important issue for us is how to provide assurance (para. 151ss). We do not agree with the text as drafted and this would be a very serious issue for us. We do not think that every compliance audit needs to give assurance in explicit form either as "reasonable" or "limited" assurance. Instead, we think that the solution provided in the performance audit stream ("other forms of assurance") should also be given in compliance audits. As you mention this is a very important issue for you. My question is how you report what you have found to your intended users when you do compliance audits? When you have scoped your subject matter, presented this together with the criteria and methodology for the responsible party, and then report back to the responsible party and Parliament, how do you write the assessment you do looking at the criteria and audit evidence? Are you not writing that the findings comply/do not comply with the criteria? This is a very crucial question and differs in compliance audit and performance audit. In performance audit there can be elements of compliance, but economy, efficiency and effectiveness are crucial and it can be impossible to say that a condition complies with the criteria. This can be less meaningful in performance audit. Answer: Thanks for your response to our comments. I think assurance and how to give it are important but very difficult concepts that cause many misunderstandings. In my opinion many people even in the INTOSAI subcommittees dont talk the same language. I will try to convey my thoughts more clearly: * assurance means giving the user of the report confidence in - some - essential content of the report. Depending on the nature of the audit question what exactly is given assurance can vary. (a single conclusion, various findings, specific facts of a direct report, etc.). Also, the way assurance is formulated can vary. * Basically, in our (Austrian) reports we often combine different criteria (as our constitution conceptualizes for one "audit" (which in this case is just a translation of our legal term for what we do, not a reference to a framework of audit vs. review, other engagement, etc.), criteria of compliance and performance audits - and even things we do with financial data that might or might not be financial audits in the way ISSAI 200 defines it). * As a result we often do not give standardised opinions or conclusions, but prefer "direct reporting" where we "say what needs to be said" and do so on the basis of sufficient and appropriate evidence, following a set of procedures (risk assessment, evidence gathering, communications, etc.). Thereby, we believe we give assurance. * "What needs to be said" can be very different - it can be a conclusion/finding that allows a quantitative statement (e.g. on the basis of a sample and data analysis we believe that we can conclude that a criteria is/is not met), but it can also be less obvious. Frequently we mainly give examples of cases of non-compliance identified and try to reach a more abstract conclusion on how severe these instances are and what recommendations are merited. We rarely give a "positive" statement of compliance. This might sound less "scientific" but is frequently much more useful to the user or the auditee. ("take an umbrella!" vs. "given that we looked outside and the street seemed darker than usual we concluded that with 90% probability the statement that it is raining is free of material misstatement."). * In many instances we do exactly what you describe: we describe facts and evaluate them. we describe what we did and what we found out and what we think about it. We do not (or only in rare instances) phrase a reasonable assurance or limited assurance statement. Our users dont expect it. * I also believe that this is a good thing. It is more useful to think about what one should do than to conceptualize a world of yes/no questions. * I believe that restricting giving assurance on giving reasonable/limited assurance statements would severely limit the usefulness of public sector auditing. We took great care in the Harmonization process to not do so (cf. the wording in ISSAI 100) and I dont think it wise to it now.
Austrian Court of Audit	Para 167	We also think that the requirements for reporting in para. 167 are too detailed and prescriptive. The focus should be on content and substance, not on formal requirements.		The essential question often is not "how sure can we be that a set of norms has been followed?" but "what should we do?".
	Para			
National Audit Office of the Republic of Lithuania	General comment	National Audit Office of Lithuania has expressed the comments on the draft in April, 2015 by our representative in CAS. Some of the comments were taken into account. We still believe that those comments, which were not taken into account, are of crucial importance. We, as a part of audit community, are looking forward to the new ISSAI 4000 and really expect standard to be more usable in practice. We understand that drafting common standard is a huge work and we would like to thank you for the work you have already performed, still we believe additional input in drafting the standard is needed.		
The Institute of Internal Auditors IAA	Para 35-39	Paragraphs 35-39 cover <i>Independence and ethics</i> . While related, we believe there is a fundamental difference between being independent and being impartial. The IAA makes a similar distinction in its International Standards for the Professional Practice of Internal Auditing (<i>Standards</i>), but we use the term "objectivity" rather than "impartiality." The <i>Standards</i> define "independence" as: "The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner." Therefore, the ability to be "independent" is generally a function of the reporting relationship(s). Whereas, we define "objectivity" as: "An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that the internal auditors do not subordinate their judgment on audit matters to others." Therefore, we suggest that the ability to be "impartial" is the result of being able to take an unbiased approach to your work. You can be independent, while not being impartial. And, conversely, you can be impartial, while not having an independent reporting relationship.		Question from CAS secretariat: Have I understood you right if it will be correct to just change the word impartial with objective, or is it a need for rephrasing the requirement and explanations? In explanation para 38 we also talk about independence in selecting the audit objective, not only in reporting. Answer: It is not necessary to change the word "impartial" for the word "objective", nor would this resolve the difficulty as we see it. What is necessary is to be clear and consistent in the use of the words "objective," "independent," and "impartial" and related terms, including any interdependencies. Without this clarification the intended meaning of the content is not always apparent. In our view, independence and objectivity are very distinct. One can be independent without being objective, and one can be objective without independent. Independence depends upon relationships, organizational structures, accountability, and reporting lines. Objectivity is a state of mind exercised through an unbiased and disciplined approach. "Impartiality" is not defined in The IIA Standards. It is worth noting that our response to the exposure of ISSAI 3000 raises similar points. Reference to ISSAI 30 Code of Ethics, Chapter 3 Independence, Objectivity and Impartiality does not resolve the apparent lack of precision in the use of these terms.
The Institute of Internal Auditors IAA	Para 86-93	Paragraphs 86-93 cover <i>Identifying audit criteria</i> . After the audit criteria is identified, a good practice to enhance the acceptance of reportable audit conditions (findings) is to share and receive concurrence from the audited entity on the criteria being used. Taking such an approach would further establish a basis of understanding as to why certain conditions are being reported and aid in the acceptance of any recommendation.		Question from CAS secretariat: We have "share and receive concurrence" from the audited entity under communication in para 70. Do you think it is advisable to also mention it here under identifying the audit criteria? Answer: Yes. It would be beneficial to confirm that it is good practice to share and receive concurrence not just on the audit criteria but on the other elements of the audit process. This should not be allowed to erode any independence. The auditor determines the scope of the audit and the criteria to be used. However, a consensual approach is more likely to be more successful in the completion of the engagement, the acceptance of the findings, and the willingness to take appropriate measures to address control weaknesses.
The Institute of Internal Auditors IAA	Para 100-104	Paragraphs 100-104 cover <i>Identifying the level of assurance</i> . The exposure draft allows for the provision of limited assurance engagements (separate and distinct from reasonable assurance engagements). While the concept of providing a level of assurance that is less than reasonable assurance is well understood by professional accountants and auditors, the distinction between reasonable assurance and limited assurance is not well understood by users of audit reports. The standards would benefit by further elaboration on tips that should be taken in advance of any limited assurance engagements. This might include helping to ensure user needs will be met in such situations and what should be included in audit reports so as to help to mitigate any misunderstandings with regard to the level of assurance being provided.		
Accounting Chamber of Ukraine	Para 14	Would be reasonable to outline the limit and context of such extension		
Accounting Chamber of Ukraine	Para 146	Suggested altered: "The collective evidence including instances of non-compliance as well as the entities views are assessed using professional judgment and skepticism to arrive at audit findings." Our viewpoint is that collective evidence including identified instances of non-compliance should be assessed using professional judgment and skepticism. In particular, a reference to the point 184 (A court of law can determine whether a particular transaction is illegal and constitutes a criminal offence. But also SAIs with jurisdictional powers may conclude that a particular transaction is illegal and may justify imposing sanctions to the responsible person and determining the reimbursements of undue or improper payments or of funds or misappropriation of assets), could be made.		
	Para			
Federal Court of Accounts Brazil - TCU	Note from the CAS secretariat	Due to the fact that the comments from TCU is made on an earlier version of the ISSAI 4000 draft - that of April 2015 prior to the PSC meeting, there has been changes in the document before the exposure draft. This will inflict upon the comments made by the TCU. Hence the CAS has tried to follow due process and publishes the TCU comments of the document with links to the paragraphs of the exposure draft within reasonable limits.		
Federal Court of Accounts Brazil - TCU	General Comments	As you will see in our comments and based on ISSAI 100/32, SAI Brazil believes that, depending on the needs of the intended users, the auditor can provide assurance either by 1) making a clear standardized statement of the level of assurance or 2) by 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. In this second situation, the consistency of the elements of findings and the description of the evidences supporting the conclusions would be in charge of paying full transparency for intended users. SAI Brazil performs standalone CA as a direct reporting and, in our context; the use of a standardized opinion to convey the level of assurance does not add value to the users and can bring more confusion than clarification. In highly regulated public administrations, there is a wide range of possible instances of non-compliance that has different value for society. It is heavily subjective to issue a standard opinion on compliance of an overall subject based on findings of different values that is hard to be summarized in a simple measure such as money. Besides that, we think that the issue of how to communicate the level of assurance should consider the following: 1) it is mandatory to conclude against audit objectives, even when this conclusion is not made through a standardized opinion; 2) we do not know international practice of issuing standardized opinion on standalone CA as a direct reporting engagement; 3) we do not know and it has not been presented to us how to implement the standardized opinion on standalone CA audits with long form reports; 4) we cannot be sure about how difficult it will be for SAIs to implement that (for instance, how difficult is to establish materiality for a wide range of possible instances of non-compliance that has different value for society and cannot be summarized in a simple measure such as money); 5) we cannot be sure about how useful this kind of opinion will be to different kinds of intended users; 6) we understand that it is not recommended to regulate by an international standard a practice that is not recognized by the SAIs who perform this sort of work (direct reporting in standalone CA); 7) we do not rule out the possibility of adopting the standardized form of opinion in this sort of work, but we have no information to form an opinion for it and this is not a consensual position at TCU. As I have highlighted in the Oslo meeting, ignoring ISSAI 100/32 second bullet discriminates against SAIs that adopts an acceptable option based on ISSAI 100 and outcast those SAIs as non-compliant with level 4, in clear contradiction with INTOSAI's principle of inclusion. Besides, other CAS members supported the position that there is no problem in including in ISSAI 4000 an issue not addressed by ISSAI 100.		
Federal Court of Accounts Brazil - TCU	Para 30	Suggested altered, last sentence: Based on the needs of the intended users, the auditor can provide this confidence either by making a clear statement of the level of assurance or by 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 (ISSAI 100/32). All attestation engagement shall explicitly convey the level of assurance they provide. Direct reporting engagements may convey assurance either explicitly or by explaining how the findings and conclusion were developed (ISSAI 100/32). Note: In our view, direct reporting engagements do not have to be always followed by a standardized opinion, because of the following reasons: 1) it is mandatory to conclude on audit objectives, even when this conclusion is not made through a standardized opinion; 2) we do not know international practice of issuing standardized opinion on standalone CA as a direct reporting engagement; 3) we do not know and it has not been presented to us how to implement the standardized opinion on standalone CA audits with long form reports; 4) we cannot be sure about how difficult it will be for SAIs to implement that (for instance, how difficult is to establish materiality for a wide range of possible instances of non-compliance that has different value for society and cannot be summarized in a simple measure such as money); 5) we cannot be sure about how useful this kind of opinion will be for different kinds of intended users; 6) we understand that it is not prudent to regulate by an international standard a little widespread and even unknown practice; 7) we do not rule out the possibility of adopting the standardized form of opinion in direct reportings of standalone CA, but we have no conviction of that, and this is not a consensual position at TCU.		
Federal Court of Accounts Brazil - TCU	Para 31-33	Suggested deleted. Note: We suggest that paragraphs 31 and 32 should be in the "Assessing assurance" session, where this issue will be further developed.		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
Federal Court of Accounts Brazil - TCU	Para 41	Suggested altered, last sentence: In addition, when concluding, the auditor needs to evaluate whether he/she has sufficient and appropriate audit evidence when assessing subject matter against criteria to form conclusion(s), based on the level of risk involved.		
Federal Court of Accounts Brazil - TCU	Para new	New para after para 41: In the context of SAIs with jurisdictional powers considerations of audit risk may include: a) identifying who may be held responsible for non-compliance acts b) identifying the time period for which public officials may be held liable, taking into consideration the applicable prescriptive period, in order to avoid the failure of action; c) determining whether these acts have caused loss or waste of public funds.		
Federal Court of Accounts Brazil - TCU	Para new	New para: The audit risk has three components: the subject matter's inherent risk (IR), the risk that the relevant internal controls associated with the inherent risks are inappropriate and/or do not work properly (CR) and the detection risk (DR) that is the possibility that the auditor perform all the expected evidence-gathering procedures and still produce incorrect or incomplete findings and conclusions. The three audit risk components (Inherent Risk, Control Risk and Detection Risk) should be considered altogether during the evaluation of the audit risk. The audit risk can be represented by the following formula: AR = IR x CR x DR The model above is a conceptual model and not formal one. Thus, the evaluation of risk components can be carried out both in qualitative and quantitative basis. The model does not necessarily imply the assignment of numerical values to establish certain level of risk. Such values should be used as a reference. The theoretical model is established to guide the auditor to control the risk of issuing an inappropriate report. Although it can be used as an equation to calculate the risk of detection, it is more useful to think of it as an expression of the relationship among the components of the audit risk. As the auditor has no interference on IR and CR, he or she should vary the DR to keep AR at an acceptable level. In other words, if the control risk and/ or the inherent risk are considered by the auditor to be high, the detection risk should be kept low, what implies in more extensive and stricter evidence-gathering procedures. Conversely, when the auditor can rely on the established controls, or even when the inherent risk is too low, the detection risk can be kept high, without making the audit risk to increase. In this case, evidence collection procedures can be less extensive. The audit risk is also defined as the complement of the level of confidence given by an audit. The smaller the audit risk, the bigger the level of confidence given by an audit and vice-versa.		
Federal Court of Accounts Brazil - TCU	Para new	After para 69: Documenting the key decisions made is important to demonstrate the independence and impartiality of the auditor in his or hers analysis. The existence of sensitive issues demands the documentation of the relevant facts considered by the auditor in choosing a particular course of action or in taking a certain decision. This way, the actions and decisions are motivated and transparent.		
Federal Court of Accounts Brazil - TCU	Para new	New para under Determining materiality - Explanation prior to para 95: Materiality can be defined as the relative importance (or significance) of a matter within the context in which it is being considered. In addition to monetary value, materiality includes stakeholder concerns, public interest, regulatory requirements and consequences for society (ISSAI 100/41), specific areas of legislative focus, requests and significant funding and issues such as fraud (ISSAI 400/47).		
Federal Court of Accounts Brazil - TCU	Para 100	Suggested altered: Depending on the mandate of the SAI, the characteristics of the subject matter, and the needs of the intended users, the auditor shall how to provide assurance.		
Federal Court of Accounts Brazil - TCU	Para new	After para 102: In attestation engagements, the auditor shall provide assurance by making a clear statement of the level of assurance, through standardized opinion, which explicitly convey the level of assurance.		
Federal Court of Accounts Brazil - TCU	Para new	In direct reporting, the auditor can provide assurance either by: • making a clear statement of the level of assurance, through conclusions which explicitly convey the level of assurance, or • 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 (ISSAI 100/32).		
Federal Court of Accounts Brazil - TCU	Para new	Assurance can be either reasonable or limited. Reasonable and limited assurance are possible in both direct reporting and attestation engagements (ISSAI 400/41).		
Federal Court of Accounts Brazil - TCU	Para new	In a reasonable assurance engagement the audit conclusion in direct reporting expresses the auditor's view that the subject matter is or is not compliant in all material respects with the applicable criteria. In an attestation engagement the auditor's conclusion expresses the auditor's view that the subject matter information provides a true and fair view, in accordance with the applicable criteria. Note: We suggest that this paragraph could be removed from the "Objective of Compliance Audit" Session to be developed here.		
Federal Court of Accounts Brazil - TCU	Para new	In a reasonable assurance engagement, the auditor gathers sufficient appropriate evidence to conclude that the subject matter complies in all material respects with identified suitable criteria, and gives an opinion in a positive form.		
Federal Court of Accounts Brazil - TCU	Para new	In a limited assurance engagement, the auditor gathers sufficient appropriate evidence to conclude that the subject matter is plausible in the circumstances, and gives a conclusion or opinion in a negative form.		
Federal Court of Accounts Brazil - TCU	Para new	When providing limited assurance, the audit conclusion both in direct reporting and attestation engagement 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 are limited compared with what is necessary to obtain reasonable assurance. Note: We suggest that this paragraph could be removed from the "Objective of Compliance Audit" Session to be developed here.		
Federal Court of Accounts Brazil - TCU	Para new	When the auditor actually find instances of relevant non-compliance, while conducting a limited assurance engagement, he or she shall create an exception to his or hers negative assurance: "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, except for..."		
Federal Court of Accounts Brazil - TCU	Para new	Although the procedures performed in a limited assurance audit are reduced compared to those required to obtain reasonable assurance, it is expected that the level of assurance provided still shall be meaningful to the intended users, according to auditor's professional judgment. In addition, a limited assurance report should make it clear the limited nature of the assurance provided (ISSAI 100/33). If it fails in doing so, the users might mistakenly assume a higher level of assurance.		
Federal Court of Accounts Brazil - TCU	Para 103 and 104	Suggested deleted.		
Federal Court of Accounts Brazil - TCU	Para new	Having accepted an assurance engagement, a practitioner may not change a reasonable assurance engagement to a limited assurance engagement without reasonable justification. (IFAC/ International Framework for Assurance Engagements/19). For both reasonable assurance and limited assurance engagements, if the auditor is not convinced of the sufficiency and appropriateness of the evidences obtained, the auditor shall perform additional procedures to be able to provide assurance (IFAC/ International Framework for Assurance Engagements/53). If circumstances prevent the auditor from obtaining evidence required to reduce audit risk to the appropriate level, he or she shall deliver a modified conclusion (IFAC/ International Framework for Assurance Engagements/55).		
Federal Court of Accounts Brazil - TCU	Para new	New para after para 130: Subject matters have different characteristics, including the degree to which information about them is qualitative versus quantitative, objective versus subjective, historical versus prospective, and relates to a point in time or covers a period. Such characteristics affect the: (a) Precision with which the subject matter can be evaluated or measured against criteria; and (b) The persuasiveness of available evidence (IFAC/ International Framework for Assurance Engagements/32).		
Federal Court of Accounts Brazil - TCU	Para 136	Suggested altered: When working with a sample, the auditor shall define if audit objectives demand the use of a quantitative or a qualitative approach.		
Federal Court of Accounts Brazil - TCU	Para 137	Suggested altered: Audit sampling is defined as the application of audit procedures to less than 100% of items within a population of audit relevance such that all sampling units have a chance of selection		
Federal Court of Accounts Brazil - TCU	Para 138	Suggested deleted: Note: This only applies to quantitative sampling.		
Federal Court of Accounts Brazil - TCU	Para 141 and 142	Suggested deleted: Note: This was already told before.		
Federal Court of Accounts Brazil - TCU	Para new	A sample may be quantitative or qualitative; both require the use of professional judgment. The auditor must therefore make a judgment on which approach is the appropriate way of obtaining the evidence required.		
Federal Court of Accounts Brazil - TCU	Para new	Quantitative sampling is used when the auditor seeks to draw conclusions about the whole population by testing a sample of items selected from it. It is essential that the sample is representative of the population from which it is drawn. In this situation, a quantitative approach has to be applied to produce a reliable conclusion associated to a known level of error. However, the technical requirements of quantitative sampling may require statistical techniques. If the audit team does not have the skills to apply them, a statistician expert may be required.		
Federal Court of Accounts Brazil - TCU	Para new	Qualitative sampling is the selection procedure conducted as a deliberate and systematic process of identifying the factors of variation in the subject matter. The auditors might sample on the basis of characteristics of individuals, groups, activities, processes or the audited entity as a whole. Qualitative sampling always requires careful assessment and sufficient knowledge of the subject matter.		
Federal Court of Accounts Brazil - TCU	Para new	The need for quantitative and/or qualitative sampling depends on the audit scope. Auditors shall apply professional judgment on this decision. Both of them, however, must have their premises and limitations exposed at auditor's report to avoid misinterpretations on conclusions extent.		
Federal Court of Accounts Brazil - TCU	Para 167	Suggested altered and split up, last sentence new para.: For direct report engagement, the auditor can explicitly state whether the conclusion is given with limited or reasonable assurance or give the confidence intended users need by 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 (ISSAI 100/32).		
Federal Court of Accounts Brazil - TCU	New para	Ref. para 167: For attestation engagement, the level of assurance will be conveyed by appropriate use of standardised audit opinions.		
Federal Court of Accounts Brazil - TCU	Para 168h	(...)and level of assurance(...) suggested deleted. Note: It is not necessary to be explicit about the level when performing "other forms".		
Federal Court of Accounts Brazil - TCU	Para 171	First sentence suggested altered: The conclusion is a statement of the auditor covering the audit scope on the basis of the findings		
Federal Court of Accounts Brazil - TCU	Para 175	Note: There is no explanation for this requirement.		
Federal Court of Accounts Brazil - TCU	Para 176	Note: We think that these paragraphs concerning SAIs with jurisdictional power should be inside the topic "Reporting" and not after the topic on attestation engagement, because they apply to all kinds of report.		
Federal Court of Accounts Brazil - TCU	Para 176 f	Suggested altered: The responsible persons and their explanations regarding their non-compliance acts and /or possible unlawful acts, when appropriate. Note: In Brazil, there are some cases where we develop the responsabilization in a process separate from the audit.		
Commission on Audit, Republic of the Philippines	General Comments	The drafting of this new ISSAI 4000 to replace the current one and ISSAIs 4100 and 4200 appears to be a recognition of the fact that when an auditor performs an audit, issues pertaining to other audit streams surface which cannot be ignored considering the broader responsibility of public sector auditors. When compliance audit is conducted, issues relating to performance audit may crop up and vice-versa. These scenarios find support in paragraphs 34 and 193 of this Exposure Draft. It is also possible that when a public sector auditor conducts financial audit, there could be issues which are proper subject matters of compliance and performance audits which cannot be disregarded. ISSAI 4000 should therefore provide guidance to the auditor on how he should proceed given these scenarios, the SAI mandate, stakeholders' expectations, etc. In providing a particular level of assurance, how should he decide on his audit scope, etc.? SAI Philippines performs its Compliance Audit in relation with its quasi-judicial function as mandated by the Philippine Constitution. In conducting Compliance Audit, auditors examine, on sampling basis, financial transactions (expenditures and revenues) of audited agencies, to determine compliance with laws, rules and regulations. For any non-compliant transaction, the auditor issues a Notice of Charge, Notice of Suspension, and Notice of Disallowance and determine persons liable from whom the government should recover. These Notices represent the auditor's decision on a non-compliant transaction. The auditor's decision is appealable to the Director concerned, who renders a decision which is appealable to the Commission Proper (CP) and that of the latter, to the Supreme Court. A decision may become final and executory in any of the three levels (auditor, director, CP) for failure to file an appeal by the aggrieved party within the period prescribed by regulations. Our auditors also conduct Compliance Audit, following instructions from the Director concerned on the areas (subject matter) to be focused in audit, whether compliance or performance. When it's compliance, it follows the above process. The similarity of the process in conducting the audit (whether financial, compliance, performance), may also be considered in determining the structure of the relevant ISSAIs. While the objectives, the subject matter and the criteria are different, the audit process is similar in the three audit streams, such that the topical outline of one can be used as benchmark for the others.		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
Commission on Audit, Republic of the Philippines	Para 2	If this ED seeks to replace ISSAIs 4000, 4100, 4200 , we suggest to include a paragraph with information that this revised guidelines will amend ISSAI 4000, 4100 and 4200.		
Commission on Audit, Republic of the Philippines	Para 6	We suggest that the definition of compliance auditing in ISSAI 400 be stated in paragraph 24 before the statement of objective of compliance auditing (second section), in accordance with paragraph 6b		
Commission on Audit, Republic of the Philippines	Para 11	We suggest that the phrase "opening the process of instructions" be clearly defined or clarified.		
Commission on Audit, Republic of the Philippines	Para 14	First sentence: Suggest to change "is" to "are".		
Commission on Audit, Republic of the Philippines	Para 19	Under this paragraph, investigative power of SAIs is recognized. However, in paragraph 46, auditors are required not to interfere in investigations . In our SAI, auditors are required to conduct investigations.		
Commission on Audit, Republic of the Philippines	Para 23	Pars. 23 and 34 are related. We suggest to use the same term as in para 34 for consistency.		
Commission on Audit, Republic of the Philippines	Para 24	Please refer to comment on paragraph 6b.P		
Commission on Audit, Republic of the Philippines	Para 28	Please refer to comments on paragraphs 148-152.		
Commission on Audit, Republic of the Philippines	Para 31	Last sentence: Is the highlighted phrase "true and fair view" appropriate in a Compliance Audit opinion. Is this consistent with paragraph 103? Please refer to ISSAI 100, paragraph 30, 3rd bullet, last sentence which says "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".		
Commission on Audit, Republic of the Philippines	Para 34	We suggest that standalone engagement and compliance audit engagement as a component of a financial or performance audit engagement be defined. We suggest detailed discussion of this paragraph giving objective for each type of engagement or giving example of conditions or circumstances when each type of audit engagement will be conducted. When the auditor conducts any type of audit (financial, compliance, performance), he encounters issues belonging to the other audit types. Is this the component being referred to in this paragraph? How does this relate to "Incidental Findings" , par. 193?		
Commission on Audit, Republic of the Philippines	Para 46	Please clarify "not to interfere". Our auditors are required to conduct initial investigations on fraud before forwarding the complaint to our Fraud Audit Office.		
Commission on Audit, Republic of the Philippines	Para 67	Please clarify if the "audit object" refers to "subject matter".		
Commission on Audit, Republic of the Philippines	Para 83	There may be a need to define/distinguish the ff: audit topic (par. 83), audit object (par. 67) viz-a-viz subject matter.		
Commission on Audit, Republic of the Philippines	Para 90	How about those circulars issued by regulators? Is this covered under "regulations"?		
Commission on Audit, Republic of the Philippines	Para 148-152	The use of the words "conclusion" (paragraphs 148-150 and "opinion" (paragraphs 151-152) in the different paragraphs is confusing. Is there a need to use these two words in this Standard?		
Commission on Audit, Republic of the Philippines	Para 152	It seems there is a difference between conclusion (direct reporting) and opinion (attestation) in this paragraph. However, in paragraph 28, direct reporting mentions both "conclusion" and "opinion".		
Commission on Audit, Republic of the Philippines	Para 168	We suggest to include sample report as annex/appendix of this guideline/standard. Is management written representation required? I) Conclusion/ opinion – refer to para 28 (for consistency).		
Commission on Audit, Republic of the Philippines	Para 175	Please provide samples for Attestation Reporting and Direct Reporting. Is management written representation required?		
Commission on Audit, Republic of the Philippines	Para 178	In the exercise of our SAI's quasi-judicial power, the decision is rendered at three levels, auditor, director and Commission Proper (board). If the decision is not appealed within the prescribed period, decision becomes final even at the level of the auditor and becomes executory. Final decisions of the SAI (at the appropriate level) is appealable only to the Supreme Court.		
Commission on Audit, Republic of the Philippines	Para 179	Our auditors measure liability by the extent of the participation of the person in a non-compliant (illegal, unnecessary, excessive, extravagant, unconscionable) transaction as indicated in the transactions documents that he signed.		
Commission on Audit, Republic of the Philippines	Para 180	Please refer to comment on paragraph 46.		
Commission on Audit, Republic of the Philippines	Para 187	Our SAI has a policy to guide the auditors on when to consider a transaction as illegal, unnecessary, excessive, extravagant and unconscionable.		
Commission on Audit, Republic of the Philippines	Para 193	This could happen in other types of audit as well such as in conducting performance audit, the auditor discovers non-compliance issues or financial audit issues and vice-versa. Please provide examples especially on the portion marked red: Unless the scope of the audit is re-evaluated and the incidental findings are incorporated into the ongoing compliance audit, the auditor does not obtain or provide assurance with respect to the existence or absence of the condition related to the incidental findings. It may, however, be possible to express a conclusion with limited assurance depending on the circumstances.		
Netherlands Court of Audit; NCA	General comments	In general we (Netherlands Court of Audit; NCA) think it is a big plus that ISSAI 4000 is now more elaborated in line with ISSAI 400, and next to that we think that the exposure draft is clearly written and contain all the major issues. Specially the risk oriented approach and the emphasis/guidance on the significance is well appreciated! Of course for an compliance audit the scope of al laws and authorities that were assigned as criteria in the audit is of major importance. Major importance not only to the design, execution and evaluating of the findings of the audit, but even more important for the audit report and audit opinion. The user of the audit report must have a clear insight in the scope of the applicable laws that are covered by the audit, and hence what the extent of the assurance is that the user of the report/opinion can rely on. More specific this lead to the comments on the following requirements and explanation notes:		
Netherlands Court of Audit; NCA	Para 86 and 88	Requirement 86 'suitable audit criteria' and explanatory note 88: "audit criteria may include applicable law, ... etc." We think that an compliance audit should include the applicable (relevant) laws, ...etc. If the audit already focusses on the relevant domains and aspects, in line with requirement 47 and its explanatory notes 48-51, then all applicable involved laws and regulations should be included as criteria in the audit. So we propose to change may to should.		
Netherlands Court of Audit; NCA	Para 168g	Requirement 168-g: The audit report shall include audit criteria. Seen the importance and impact of this requirement we like to propose that an explanation note should be added. The explanation could state that in the audit report the laws and legislation that were used in the audit should explicit be identified in the audit report.		
Netherlands Court of Audit; NCA	Para 168g	And –further to this- we like to propose that an explanation note could be added for the case of the combination of an compliance audit with a financial audit: in this case the paragraph containing the opinion on the aspect of compliance should be clearly separate from the opinion on the true and fair view of the financial statements, and the identified applicable law and regulation should contain all laws and regulation that can influence the outcomes (=amounts) of the financial transactions that are (or should be) accounted for in the financial statements.		
Netherlands Court of Audit; NCA	Para 73 and 74	Requirement 73 and explanatory note 74. We think that non-compliance should be communicated with .. management and (if applicable) those charged with governance. Simple for the reason that communication with those charged with governance without communication with management is in general not desired.		
Netherlands Court of Audit; NCA	Para 73 and 74	Further to notes 73 and 74 we would like to recommend that the scope of the laws and regulation that is taken into account in the audit (as criteria) should also be communicated with those charged with governance (and management).		
	Para			

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
IDI	General comments	<p>1. The purpose of INTOSAI's Professional Standards Level 4: The Auditing Guidelines is to translate the fundamental auditing principles into more specific, detailed and operational guidelines that can be used on a daily basis in the conduct of auditing tasks. ISSAI 100 provides SAIs the option of writing their own standards consistent with fundamental principles or directly adopting INTOSAI's level 4 standards. In case a SAI decides to write its own standards, INTOSAI says 'If an SAI chooses to develop its own national standards, those standards should include the level of detail necessary to accomplish the SAI's relevant audit functions and should correspond to the Principles in all applicable and relevant respects'. However, ISSAI 400 which is supposed to be written for detailed requirements at audit practice level does not provide SAIs sufficient guidance for the audit practice. As such the option provided by ISSAI 100 is not a real option.</p> <p>2. While these standards allow compliance audit to be performed both as an attest engagement and as a direct reporting engagement, the implication these two different types of engagement on the audit concepts and in the audit process is not defined. The only detail on attest engagement is provided under evaluation and conclusion and reporting stage of the audit process. However, the previous stages lack this detail. We recommend a separate elaboration of compliance audit as an attest engagement and as a direct reporting engagement throughout the audit process.</p> <p>3. Compliance audit can look at rules and regulations, but it can also consider propriety aspects, can both these aspects be covered in a attest engagement? There is a need for further detail on how these two aspects can be looked at in attest audits and in direct reporting engagement.</p> <p>4. We also recommend a harmonization of definition assurance and confidence across the three audit types.</p> <p>5. Besides quality control, quality assurance requirements also need to be included in the standards.</p> <p>6. Requirement 27 refers to selection of subject matter; however this is not further taken up in the audit process. What should be the criteria and process for audit coverage in case of attest engagements and direct reporting engagements?</p> <p>7. While the standards speak of combined audits, there is no further elaboration about the application of compliance audit standards when they are combined with other audit types. It is IDI experience that many SAIs claim to do combined financial and compliance audit, when they actually do a compliance audit! There is a need to speak of requirement when compliance audit is conducted in combination with either financial or performance audit.</p> <p>8. Requirements related to risk assessment are part of ISSAI 400. However, we can see that Risk assessment is not mentioned as separate requirements in the 4000. We understand that assurance engagement is a risk based process and risk assessment is an integral part it.</p> <p>9. There is only one requirement regarding materiality. Considering the importance of materiality, we recommend more detailed requirements.</p>		
IDI	Para 24	Authority may be explained here.		
IDI	Para 27	After paragraph 27, an explanation may be added on the concept: that direct reporting and attestation engagement differs based on who prepares and measure/evaluate the subject matter/information.		
IDI	Para 30	Assurance may be explained further, as it is not synonymous with confidence.		
IDI	Para 35	Independence as per ISSAI 10 is outside the control of the SAI. How should an auditor comply with requirements that are not under his/her control ?		
IDI	Para 181	Requirement related to fraud can be embedded in each phase of the audit process.		
RIGSREVISIONEN - Denmark	General comments	<p>The exposure draft of ISSAI 4000</p> <p>We wish to congratulate the project group and the CAS with the draft ISSAI 4000, which represents an important advance in the development of the ISSAIs. Rigsrevisionen -the Danish Supreme Audit Institution- warmly support the new standard for compliance auditing provided in ISSAI4000 and believe it will be an important contribution to the overall set of ISSAIs.</p> <p>There is a formal matter, which we need to raise in our capacity as chair of the PSC. We have noticed that the exposure draft includes guidance in items 21-22 on how the ISSAIs may be referred to as a set of auditing standards. The items 21-22 of the exposure draft overlap with similar provisions of ISSAI 100/10-12 and ISSAI1400/9 and are not fully consistent with these provisions.</p> <p>When the ISSAIs 100 and 400 were developed, much care was exercised to ensure a solution on this matter that could serve all members in INTOSAI in the best possible way (see Note 1 - Making reference to the ISSAIs- Authority of the Fundamental Auditing Principles on the ISSAI Harmonisation project's homepage http://www.psc-intosai.org/psc/issai-harmonisation-project/). The overall goal is to achieve a more consistent set of ISSAIs. We therefore need to avoid that references to the ISSAIs are also regulated in different ways in the various ISSAIs on level 4 of the framework (ISSAIs 1000-5999). We would therefore recommend that the items 20-22 in the draft ISSAI 4000 is replaced by a reference to ISSAI 100/10-12 and ISSAI400/9 so it e.g. reads: 'When a SAI chooses to make direct reference to this standard, the reference should be formulated in accordance with the principles defined by ISSAI 100/10-12 and ISSAI 400/9'.</p> <p>We have also considered the draft from the more general perspective of Rigsrevisionen and wish to provide a few comments and suggestions:</p> <p>As a general comment, we have observed that the draft ISSAI 4000 does not fully reflect all three situations set out in ISSAI 400/20, which reads:</p> <p>'Compliance auditing can be part of a combined audit that may also include other aspects. Though other possibilities exist, compliance auditing is generally conducted either:</p> <ol style="list-style-type: none"> 1. In relation with the audit of financial statements (see ISSAI 4100), or 2. Separately from the audit of financial statements (see ISSAI 4100), or 3. In combination with performance auditing' <p>We especially find that ISSAI 4000 would be difficult to apply in situations where compliance and performance audits are combined. To support such combined audits the relevant requirements for direct reporting engagements would need to be closely aligned with the performance audit standards provided in ISSAI 3000. The draft reflects that it has not been possible to achieve such alignment through this project. We have especially noticed that the draft ISSAI 4000 requires an explicit statement of assurance and does not recognize the possibility of conveying assurance in other forms as provide for by ISSAI 100/32 and generally used in performance auditing. As a natural consequence, we would find it important and appropriate to clarify - e.g. in item 23 of the draft - that the ISSAI 400 applies only to compliance audits resulting in a statement of assurance. This would leave it open for the future whether there is also a need for standards for other direct reporting engagements, where performance and compliance aspects can be combined.</p> <p>We have also observed that much space in the draft is allocated to deal with general aspects of the audit process that may equally apply to other audits than compliance audits. As the draft is finalized -as well as in any future supporting materials- we would therefore encourage that attempts are made to elaborate on aspects that relate more specifically to audits focusing on compliance with legislation and other authorities applicable to public sector entities. We have asked a group of experienced compliance auditors in Rigsrevisionen to go through the draft. In the attached, we have provided a number of suggestions resulting from this review, which we hope you will take into consideration. We have especially wished to strengthen sections on 1) materiality 2) planning and 3) definitions of central concepts.</p> 		
RIGSREVISIONEN - Denmark	Para 21-22	See General comments		
RIGSREVISIONEN - Denmark	Para 23	See General comments		
RIGSREVISIONEN - Denmark	Para 34	We suggest that the main concepts should be defined at the outset of the exposure draft to ISSAI4000 after item 34, including those of assertion, authorities, compliance audit, regularity, propriety, compliance deviation, conclusion, legislature, opinion, stakeholders. (see Item 26 in ISSAI4100) In addition we suggest that the definitions are consistent with other ISSAIs using the same concepts.		
RIGSREVISIONEN - Denmark	Para 55	We suggest that there should be some definition on what is meant by professional judgement in compliance auditing and how it relates to the gathering of evidence, and how to form conclusions.		
RIGSREVISIONEN - Denmark	Para 56	We suggest that a clarification is made regarding the notion of professional skepticism in compliance auditing and its relation to that of professional judgement.		
RIGSREVISIONEN - Denmark	Para 59	We suggest that a clarification of the notion of quality control with references to relevant texts such as ISSAI40 (and perhaps also ISSAI1220, ISSAI 200, 2.1.26. and 2.2.36)		
RIGSREVISIONEN - Denmark	Para 93	<p>We suggest to replace the description of reliability on p.13: "Reliable criteria allow reasonably consistent measurement or evaluation of the underlying subject matter including, where relevant, presentation and disclosure, when used in similar circumstances by different auditors"</p> <p>With the following sentence: "Reliable criteria result in consistent conclusions when used and examined in the same way, by another auditor, in the same circumstances."</p>		
RIGSREVISIONEN - Denmark	Para 93	<p>Regarding the description of audit criteria, we suggest adding two additional bullets, namely bullet VI: acceptable as well as bullet VII: Available. The two additional bullets could be formulated in the following way:</p> <p>VI) Acceptable: Criteria should be presented to the audited entities in a manner of dialogue and openness for inputs.</p> <p>VII) Available: The criteria should be made available to the audited entities in order for them to comprehend the audit report.</p>		
RIGSREVISIONEN - Denmark	Para 93	<p>It seems that more attention could be given to the issues relating to formulating and interpreting audit criteria in relation to compliance audits. Concretely we suggest adding parts of item. 45, 47 and 48 from ISSAI4100 in order to clarify the operationalization and identification of criteria as well as the description of the conflicting interpretations of laws:</p> <p>From item. 45 ISSAI 4100 we suggest to add: 'Once suitable criteria have been identified based on the characteristics set out above, they then must be appropriately 'operationalised' for the particular circumstances of each audit so as to be able to reach meaningful conclusions'</p> <p>From item. 47 ISSAI 4100 we suggest to add: In many compliance audits, the applicable criteria will be clearly identifiable. This may be the case where a clear and uncomplicated law or regulation forms the criteria. The documented intentions or premises for resolutions of the legislature may also assist the auditor in identifying the appropriate criteria.</p> <p>From item 48 ISSAI 4100 we suggest to add: If situations arise where there may be doubt as to what is the correct interpretation of the relevant law, regulation or authority, public sector auditors may find it useful to consider the intentions and premises set out in developing the law, or to consult with the particular body responsible for the legislation. The auditors may also consider relevant earlier decisions made by judicial authorities. '</p>		
RIGSREVISIONEN - Denmark	Para 94	<p>The concept of materiality should be defined clearly at the outset in such a way that it can encompass both quantitative materiality (large monetary amount) as well as qualitative dimensions (number of citizens or persons affected by a possible unlawful act)</p> <p>We suggest the following: The level of materiality may be influenced by qualitative factors such as the number of persons or entities affected by the particular subject matter, or the monetary amounts involved. The level of materiality may also be affected by qualitative factors, such as the nature and the seriousness of the non-compliance.</p> <p>In addition we suggest that the definition of materiality should be consistent with those appearing in other ISSAIs.</p>		
RIGSREVISIONEN - Denmark	Para 95	<p>suggest to add item. 70 from the ISSAI 4100, where reference is made to ISSAI100 as well as 400. Concretely we suggest to add the following:</p> <p>'As stated in the Fundamental Auditing Principles, 'Materiality is often considered in terms of value but the inherent nature or characteristics of an item or group of items may also render a matter material- for example, where the law or regulation requires it to be disclosed separately regardless of the amount involved' (ISSAI/100, 1.0.10) Furthermore, the principles explain that in the cases where compliance audit is carried out in relation to performance auditing, materiality by nature or by context is a more important consideration than materiality by amount. (ISSAI/400, 4.0.29)'</p>		
RIGSREVISIONEN - Denmark	Para 119	<p>The sentence: "Reliability refers to the extent to which the evidence is consistent when measured or tested and includes the concepts of being verifiable or supported."</p> <p>Replaced with: Reliability refers to the extent to which the audit evidence has been gathered and produced with a transparent and reproducible method."</p>		
RIGSREVISIONEN - Denmark	Para 131b	Inquiry: Interviews and questionnaires' Inquiry is broader than interviews and questionnaires, therefore it should not be limited to those methods. Therefore, we suggest that the bullet simply states: Inquiry'		
RIGSREVISIONEN - Denmark	Para 145	<p>Regarding audit findings, we suggest an alternative to the sentence "The auditor shall evaluate the collective audit evidence to develop audit findings."</p> <p>We suggest to replace it with: "The auditor shall compare the obtained evidence with the stated audit criteria and from there report audit findings."</p>		

SAI/org	Paragraph number	Comment on the paragraph	Decision	Arguments - Response to the SAI
RIGSREVISIONEN - Denmark	Para 155	<p>We suggest to add item 129 from ISSAI 4100 stating the factors that are taken into account when determining whether or not non-compliance is material:</p> <ul style="list-style-type: none"> a) Importance of amounts involved (monetary amounts or other quantitative measures such as number of citizens or entities involved, carbon emissions levels, time delays in relation to deadlines, etc) b) Circumstances c) Nature of non-compliance d) Cause leading to the non-compliance e) Possible effects and consequences non-compliance may have f) Visibility and sensitivity of the program in question, (for example, is it the subject of significant public interest, does it impact vulnerable citizens, etc.) g) Needs and expectations of the legislature, the public or other users of the audit report. h) The nature of the relevant authorities i) Extent or monetary value of the non-compliance 		
	Para			