



Drafting conventions for Auditing Guidelines

Introduction

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

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

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

Drafting conventions

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

- a) The General Auditing Guidelines (ISSAI 1000-4999). These guidelines contain the recommended requirements of financial, performance and compliance auditing and provide further guidance to the auditor. The ISSAI 1200-1810 contain the International Standards on Auditing issued by IFAC and the additional public sector considerations developed by INTOSAI. The drafting conventions should therefore only be applied to the ISSAIs 1200-1810 to the extent it is relevant and appropriate.
- b) The Guidelines on specific subjects (ISSAI 5000-5999). These provide supplementary guidance on specific subject matters or other important issues which may require the special attention of Supreme Audit Institutions.

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

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

- a) The ISSAI should use the term **'the auditor'** and define what can be expected from the auditor. Where it is relevant – e.g. where institutional issues are involved - reference may also be made to 'the SAI'.

b) The ISSAI may **not** provide any guidance on what can be expected from the legislators or administrative authorities or advice on how the aims of public authorities can best be achieved. Such guidance and advice may instead be communicated through other means – e.g. an INTOSAI GOV.

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

(Cf. INCOSAI's decision from 2007 on the establishment of the ISSAI framework)

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

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

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

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

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

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

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

b) The ISSAI should avoid any statements that contradict the prerequisites for the functioning of SAIs (ISSAI 10-99) or the fundamental auditing principles (ISSAI 100-999). The ISSAI should not cover mat-

ters dealt with in the prerequisites for the functioning of SAIs (ISSAI 10-99), but may contain references to these where appropriate.

c) The ISSAI should use the same terminology as the fundamental auditing principles (ISSAI 100-999). Additional terms or concepts may be introduced in order to deal with matters that are not addressed in the principles.

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

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

b) For General Auditing Guidelines (ISSAI 1000-4999):

- The ISSAI should use the word '**shall**' to indicate that a sentence is to be understood as a requirement when the ISSAIs are used as the authoritative auditing standard (referred to in audit reports). 'Shall' statements will normally provide for aims that the auditor shall achieve or conditions the auditor shall consider (rather than specific actions the auditor shall take).

- The ISSAI should contain the following statement towards the end of the section 'Scope of this ISSAI':

'In cases where the ISSAIs are used and referred to as the authoritative auditing standards, the auditor should determine the financial, performance and compliance audit guidelines (ISSAI 1000-4999) that apply to the audit and comply with all relevant requirements (cf. ISSAI 100/63-64). In this ISSAI the word 'shall' is used to provide such requirements'.

- The ISSAI should provide requirements ('shall' statements) that are sufficient for audits within the defined scope to ensure that the audits are conducted in accordance with the fundamental auditing principles. The ISSAI may also provide for additional or more detailed requirements. However, there may be ISSAIs within the set of general auditing guidelines that do not serve the purpose of providing such requirements. In this case the above statement in the section 'Scope of the ISSAI' is replaced by the following statement:

'This guideline provides [application material in relation to ISSAI xxx] and does not contain any further requirements to the conduct of audits'

- The presentation of each requirement in the General Auditing Guidelines (ISSAIs 1000-4999) should be immediately followed by explanations of the requirement. This structure will enhance the clarity and readability of the standards.

Requirements contain the minimum necessary contents to set the basis for establishing a standard for recognition of high quality audit work and make transparent to stakeholders what are the criteria to recognize high quality audit work.

Explanation contains clarification on the meaning of the requirement, including underlying concepts, and the rationale behind the requirement and the reasons for its application. The explanation describes more precisely what a requirement means or is intended to cover.

Guidelines contain clarification and description on how to implement the requirements and may include examples of good practices.

The auditor shall comply with each requirement of the general auditing guidelines unless, in the circumstances of the audit the requirement is not relevant because it is conditional and the condition does not exist.

Requirements are stated in bold. The requirement will each be given a number (one-level) in sequence. If necessary, additional requirements will be given a sub-number (two-level). Small letters will identify items in a composed requirement. In the narrative explanatory section, the words “shall” or “should” should be replaced with the terms “it is advised”, “may”, “need to”, “it is good practice to”, etc.

The numbering of themes, requirements, explanations and guidelines should follow this format to facilitate easy reference:

A. *Theme*

a. *Requirements*

1. The auditor shall ...

2. The auditor shall ...

3. The auditor shall ...

a. *Explanation*

1. What and why ... (explanation)

2. (Explanation continued)

c) For Guidelines on specific subjects (ISSAI 5000-5999):

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

6. The common layout should be followed:

a) The template for ISSAIs should be used (obtained from the PSC Secretariat)

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

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The PSC Steering Committee, August 2013

Key concepts of public-sector auditing

This table provides an overview of the terminology defined by *ISSAI 100 – Fundamental Principles of Public-Sector Auditing*.

Term	Key description	References and notes
Framework of public-sector auditing		
Public-sector auditing	<p>The public-sector audit environment is that in which governments and other public-sector entities exercise responsibility for the use of resources derived from taxation and other sources in the delivery of services to citizens and other recipients. These entities are accountable for their management and performance, and for the use of resources, both to those that provide the resources and to those, including citizens, who depend on the services delivered using those resources. Public-sector auditing helps to create suitable conditions and reinforce the expectation that public-sector entities and public servants will perform their functions effectively, efficiently, ethically and in accordance with the applicable laws and regulations.</p> <p>In general public-sector auditing can be described as a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions conform to established criteria. Public-sector auditing is essential in that it provides legislative and oversight bodies, those charged with governance and the general public with information and independent and objective assessments concerning the stewardship and performance of government policies, programmes or operations.</p>	<i>ISSAI 100/17-18</i>
Objectives	<p>All public-sector audits start from objectives, which may differ depending on the type of audit being conducted. However, all public-sector auditing contributes to good governance by:</p> <ul style="list-style-type: none"> - providing the intended users with independent, objective and reliable information, conclusions or opinions based on sufficient and appropriate evidence relating to public entities; - enhancing accountability and transparency, encouraging continuous improvement and sustained confidence in the appropriate use of public funds and assets and the performance of public administration; - reinforcing the effectiveness of those bodies within the constitutional arrangement that exercise general monitoring and corrective functions over government, and those responsible for the management of publicly-funded activities; - creating incentives for change by providing knowledge, 	<i>ISSAI 100/20</i>

	comprehensive analysis and well- founded recommendations for improvement.	
Types of public-sector audit:	The three main types of public-sector audit are defined as follows:	<i>ISSAI 100/22</i>
Financial Audit	<u>Financial audit</u> focuses on determining whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework. This is accomplished by obtaining sufficient and appropriate audit evidence to enable the auditor to express an opinion as to whether the financial information is free from material misstatement due to fraud or error.	
Performance Audit	<u>Performance audit</u> focuses on whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance is examined against suitable criteria, and the causes of deviations from those criteria or other problems are analysed. The aim is to answer key audit questions and to provide recommendations for improvement.	
Compliance audit	<u>Compliance audit</u> focuses on whether a particular subject matter is in compliance with authorities identified as criteria. Compliance auditing is performed by assessing whether activities, financial transactions and information are, in all material respects, in compliance with the authorities which govern the audited entity. These authorities may include rules, laws and regulations, budgetary resolutions, policy, established codes, agreed terms or the general principles governing sound public-sector financial management and the conduct of public officials.	
Combined audits, other engagements	SAIs may carry out audits or other engagements on any subject of relevance to the responsibilities of management and those charged with governance and the appropriate use of public resources. These engagements may include reporting on the quantitative outputs and outcomes of the entity's service delivery activities, sustainability reports, future resource requirements, adherence to internal control standards, real-time audits of projects or other matters. SAIs may also conduct combined audits incorporating financial, performance and/or compliance aspects.	<i>ISSAI 100/22</i> <i>It was decided to avoid 'auditing engagements' and refer to 'audits' instead.</i> <i>'Engagements' is used in connection with 'other engagements' and 'types of engagements'</i>

Elements of public-sector auditing		
The 3 parties, the auditor, the responsible party, Intended users	<p>Public-sector audits involve at least three separate parties: the auditor, a responsible party and intended users. The relationship between the parties should be viewed within the context of the specific constitutional arrangements for each type of audit.</p> <p><u>The auditor:</u> In public-sector auditing the role of auditor is fulfilled by the Head of the SAI and by persons to whom the task of conducting the audits is delegated. The overall responsibility for public-sector auditing remains as defined by the SAI's mandate.</p> <p><u>The responsible party:</u> In public-sector auditing the relevant responsibilities are determined by constitutional or legislative arrangement. The responsible parties may be responsible for the subject matter information, for managing the subject matter or for addressing recommendations, and may be individuals or organisations.</p> <p><u>Intended users:</u> The individuals, organisations or classes thereof for whom the auditor prepares the audit report. The intended users may be legislative or oversight bodies, those charged with governance or the general public.</p>	<p>ISSAI 100/25</p> <p><i>'Auditors' is generally used in plural.</i></p> <p><i>'The auditor' is used to emphasize a personal responsibility (e.g. in financial auditing, cf IS-SAI 200).</i></p> <p><i>'Audit team' and 'members of audit team' is used where relevant (e.g. in connection with audit team management and skills, cf IS-SAI 100/39)</i></p>
Subject matter	<p>Subject matter refers to the information, condition or activity that is measured or evaluated against certain criteria. It can take many forms and have different characteristics depending on the audit objective. An appropriate subject matter is identifiable and capable of consistent evaluation or measurement against the criteria, such that it can be subjected to procedures for gathering sufficient and appropriate audit evidence to support the audit opinion or conclusion.</p>	<p>ISSAI 100/26</p>
Criteria	<p>The criteria are the benchmarks used to evaluate the subject matter. Each audit should have criteria suitable to the circumstances of that audit. In determining the suitability of criteria the auditor considers their relevance and understandability for the intended users, as well as their completeness, reliability and objectivity (neutrality, general acceptance and comparability with the criteria used in similar audits). The criteria used may depend on a range of factors, including the objectives and the type of audit. Criteria can be specific or more general, and may be drawn from various sources, including laws, regulations, standards, sound principles and best practices. They should be made available to the intended users to enable them to understand how the subject matter has been evaluated or measured.</p>	<p>ISSAI 100/27</p>

Subject matter information	Subject matter information refers to the outcome of evaluating or measuring the subject matter against the criteria. It can take many forms and have different characteristics depending on the audit objective and audit scope.	ISSAI 100/28
Types of engagement	<p>There are two types of engagement.</p> <p>In <u>attestation engagements</u> the responsible party measures the subject matter against the criteria and presents the subject matter information, on which the auditor then gathers sufficient and appropriate audit evidence to provide a reasonable basis for expressing a conclusion.</p> <p>In <u>direct reporting engagements</u> it is the auditor who measures or evaluates the subject matter against the criteria. The auditor selects the subject matter and criteria, taking into consideration risk and materiality. The outcome of measuring the subject matter against the criteria is presented in the audit report in the form of findings, conclusions, recommendations or an opinion. The audit of the subject matter may also provide new information, analyses or insights.</p> <p>Financial audits are always attestation engagements, as they are based on financial information presented by the responsible party. Performance audits are normally direct reporting engagements. Compliance audits may be attestation or direct reporting engagements, or both at once. The following constitute the subject matter or the subject matter information in the three types of audit covered by the ISSAIs.</p>	ISSAI 100/29-30
Confidence and assurance	The intended users will wish to be confident about the reliability and relevance of the information which they use as the basis for taking decisions. Audits therefore provide information based on sufficient and appropriate evidence, and auditors should perform procedures to reduce or manage the risk of reaching inappropriate conclusions. The level of assurance that can be provided to the intended user should be communicated in a transparent way. Due to inherent limitations, however, audits can never provide absolute assurance.	<i>ISSAI 100/31</i>
Forms of providing assurance	<p>Depending on the audit and the users' needs, assurance can be communicated in two ways:</p> <p>Through opinions and conclusions which explicitly convey the level of assurance. This applies to all attestation engagements and certain direct reporting engagements.</p> <p>In other forms. In some direct reporting engagements the auditor does not give an explicit statement of assurance on the subject matter. In such cases the auditor provides the users with the</p>	<i>ISSAI 100/32</i>

	necessary degree of confidence by explicitly explaining how findings, criteria and conclusions were developed in a balanced and reasoned manner, and why the combinations of findings and criteria result in a certain overall conclusion or recommendation.	
Levels of assurance	<p>Assurance can be either reasonable or limited.</p> <p>Reasonable assurance is high but not absolute. The audit conclusion is expressed positively, conveying that, in the auditor's opinion, the subject matter is or is not compliant in all material respects, or, where relevant, that the subject matter information provides a true and fair view, in accordance with the applicable criteria.</p> <p>When providing limited assurance, the audit conclusion states that, based on the procedures performed, nothing has come to the auditor's attention to cause the auditor to believe that the subject matter is not in compliance with the applicable criteria. The procedures performed in a limited assurance audit are limited compared with what is necessary to obtain reasonable assurance, but the level of assurance is expected, in the auditor's professional judgement, to be meaningful to the intended users. A limited assurance report conveys the limited nature of the assurance provided.</p>	<i>ISSAI 100/33</i>
Used in the principles of public-sector auditing		
Professional judgement, due care and scepticism	<p>Auditors should maintain appropriate professional behaviour by applying professional scepticism, professional judgment and due care throughout the audit</p> <p>The auditor's attitude should be characterised by professional scepticism and professional judgement, which are to be applied when forming decisions about the appropriate course of action. Auditors should exercise due care to ensure that their professional behaviour is appropriate.</p> <p>Professional scepticism means maintaining professional distance and an alert and questioning attitude when assessing the sufficiency and appropriateness of evidence obtained throughout the audit. It also entails remaining open-minded and receptive to all views and arguments. Professional judgement implies the application of collective knowledge, skills and experience to the audit process. Due care means that the auditor should plan and conduct audits in a diligent manner. Auditors should avoid any conduct that might discredit their work.</p>	<i>ISSAI 100/37</i>
Audit risk	Auditors should manage the risks of providing a report that is inappropriate in the circumstances of the audit.	<i>ISSAI 100/40 It was decided to avoid the</i>

	<p>The audit risk is the risk that the audit report may be inappropriate. The auditor performs procedures to reduce or manage the risk of reaching inappropriate conclusions, recognising that the limitations inherent to all audits mean that an audit can never provide absolute certainty of the condition of the subject matter.</p> <p>When the objective is to provide reasonable assurance, the auditor should reduce audit risk to an acceptably low level given the circumstances of the audit. The audit may also aim to provide limited assurance, in which case the acceptable risk that criteria are not complied with is greater than in a reasonable assurance audit. A limited assurance audit provides a level of assurance that, in the auditor's professional judgment, will be meaningful to the intended users.</p>	<p><i>term 'engagement risk'</i></p>
<p>Risks, risk assessment and problem analysis</p>	<p>Auditors should conduct a risk assessment or problem analysis and revise this as necessary in response to the audit findings.</p> <p>The nature of the risks identified will vary according to the audit objective. The auditor should consider and assess the risk of different types of deficiencies, deviations or misstatements that may occur in relation to the subject matter. Both general and specific risks should be considered. This can be achieved through procedures that serve to obtain an understanding of the entity or programme and its environment, including the relevant internal controls. The auditor should assess the management's response to identified risks, including its implementation and design of internal controls to address them. In a problem analysis the auditor should consider actual indications of problems or deviations from what should be or is expected. This process involves examining various problem indicators in order to define the audit objectives. The identification of risks and their impact on the audit should be considered throughout the audit process.</p>	<p><i>ISSAI 100/46</i></p>
<p>Materiality</p>	<p>Auditors should consider materiality throughout the audit process.</p> <p>Materiality is relevant in all audits. A matter can be judged material if knowledge of it would be likely to influence the decisions of the intended users. Determining materiality is a matter of professional judgement and depends on the auditor's interpretation of the users' needs. This judgement may relate to an individual item or to a group of items taken together. Materiality is often considered in terms of value, but it also has other quantitative as well as qualitative aspects. The inherent characteristics of an item or group of items may render a matter material by its very nature. A matter may also be material because of the context in which it occurs.</p> <p>Materiality considerations affect decisions concerning the na-</p>	<p><i>ISSAI 100/41 It was decided to avoid the term 'significance'</i></p>

	<p>ture, timing and extent of audit procedures and the evaluation of audit results. Considerations may include stakeholder concerns, public interest, regulatory requirements and consequences for society.</p>	
<p>Audit planning, scope and approach</p>	<p>Auditors should plan their work to ensure that the audit is conducted in an effective and efficient manner</p> <p>Planning for a specific audit includes strategic and operational aspects.</p> <p><u>Strategically</u>, planning should define the audit scope, objectives and approach. The objectives refer to what the audit is intended to accomplish. The scope relates to the subject matter and the criteria which the auditors will use to assess and report on the subject matter, and is directly related to the objectives. The approach will describe the nature and extent of the procedures to be used for gathering audit evidence. The audit should be planned to reduce audit risk to an acceptably low level.</p> <p><u>Operationally</u>, planning entails setting a timetable for the audit and defining the nature, timing and extent of the audit procedures. During planning, auditors should assign the members of their team as appropriate and identify other resources that may be required, such as subject experts.</p> <p>Audit planning should be responsive to significant changes in circumstances and conditions. It is an iterative process that takes place throughout the audit.</p>	<p><i>ISSAI 100/48</i></p>
<p>Evidence</p>	<p>Auditors should perform audit procedures that provide sufficient appropriate audit evidence to support the audit report</p> <p>The auditor's decisions on the nature, timing and extent of audit procedures will impact on the evidence to be obtained. The choice of procedures will depend on the risk assessment or problem analysis.</p> <p>Audit evidence is any information used by the auditor to determine whether the subject matter complies with the applicable criteria. Evidence may take many forms, such as electronic and paper records of transactions, written and electronic communication with outsiders, observations by the auditor, and oral or written testimony by the audited entity. Methods of obtaining audit evidence can include inspection, observation, inquiry, confirmation, recalculation, reperformance, analytical procedures and/or other research techniques.</p> <p>Evidence should be both sufficient (quantity) to persuade a knowledgeable person that the findings are reasonable, and ap-</p>	<p><i>ISSAI 100/49</i></p>

	<p>appropriate (quality) – i.e. relevant, valid and reliable. The auditor’s assessment of the evidence should be objective, fair and balanced. Preliminary findings should be communicated to and discussed with the audited entity to confirm their validity.</p> <p>The auditor must respect all requirements regarding confidentiality.</p>	
<p>Conclusions, audit findings</p>	<p>Auditors should evaluate the audit evidence and draw conclusions</p> <p>After completing the audit procedures, the auditor will review the audit documentation in order to determine whether the subject matter has been sufficiently and appropriately audited. Before drawing conclusions, the auditor reconsiders the initial assessment of risk and materiality in the light of the evidence collected and determines whether additional audit procedures need to be performed.</p> <p>The auditor should evaluate the audit evidence with a view to obtaining audit findings. When evaluating the audit evidence and assessing materiality of findings the auditor should take both quantitative and qualitative factors into consideration.</p> <p>Based on the findings, the auditor should exercise professional judgement to reach a conclusion on the subject matter or subject matter information.</p>	<p><i>ISSAI 100/50</i></p>
<p>Audit report, short form, long form, the Auditor’s Report</p>	<p>The form and content of a report will depend on the nature of the audit, the intended users, the applicable standards and legal requirements. The SAI’s mandate and other relevant laws or regulations may specify the layout or wording of reports, which can appear in short form or long form.</p> <p><i>Long-form reports</i> generally describe in detail the audit scope, audit findings and conclusions, including potential consequences and constructive recommendations to enable remedial action.</p> <p><i>Short-form reports</i> are more condensed and generally in a more standardised format.</p> <p>In attestation engagements the audit report may express an opinion as to whether the subject matter information is, in all material respects, free from misstatement and/or whether the subject matter complies, in all material respects, with the established criteria. In an attestation engagement the report is generally referred to as the Auditor’s Report.</p> <p>In direct engagements the audit report needs to state the audit objectives and describe how they were addressed in the audit. It includes findings and conclusions on the subject matter and</p>	<p><i>ISSAI 100/51</i></p>

	<p>may also include recommendations. Additional information about criteria, methodology and sources of data may also be given, and any limitations to the audit scope should be described.</p> <p>The audit report should explain how the evidence obtained was used and why the resulting conclusions were drawn. This will enable it to provide the intended users with the necessary degree of confidence.</p>	
Audit opinion	<p>When an audit opinion is used to convey the level of assurance, the opinion should be in a standardised format. The opinion may be unmodified or modified. An unmodified opinion is used when either limited or reasonable assurance has been obtained. A modified opinion may be:</p> <p style="padding-left: 40px;"><i>Qualified (except for)</i> – where the auditor disagrees with, or is unable to obtain sufficient and appropriate audit evidence about, certain items in the subject matter which are, or could be, material but not pervasive;</p> <p style="padding-left: 40px;"><i>Adverse</i> – where the auditor, having obtained sufficient and appropriate audit evidence, concludes that deviations or misstatements, whether individually or in the aggregate, are both material and pervasive;</p> <p style="padding-left: 40px;"><i>Disclaimed</i> – where the auditor is unable to obtain sufficient and appropriate audit evidence due to an uncertainty or scope limitation which is both material and pervasive.</p> <p>Where the opinion is modified the reasons should be put in perspective by clearly explaining, with reference to the applicable criteria, the nature and extent of the modification. Depending on the type of audit, recommendations for corrective action and any contributing internal control deficiencies may also be included in the report.</p>	<i>ISSAI 100/51</i>
Follow up	<p>SAIs have a role in monitoring action taken by the responsible party in response to the matters raised in an audit report. Follow-up focuses on whether the audited entity has adequately addressed the matters raised, including any wider implications. Insufficient or unsatisfactory action by the audited entity may call for a further report by the SAI.</p>	<i>ISSAI 100/51</i>