



EXPOSURE DRAFT - Comments to Practice Note to ISA 580

This document contains all comments received. These comments will be considered by the appointed experts before presenting a new version to FAS for final approval.

COMMENTS PROVIDED BY:	GENERAL COMMENTS:	SPECIFIC RESPONSE ON DETAILS OR ISSUES
Denmark	<p>In the opinion of Rigsrevisionen, reference should be made from the PNs to INTOSAI’s Fundamental Auditing Principles and in particular to the Lima Declaration. Despite the fact that the PNs and ISAs may be applied by SAIs in connection with the audit of financial statements, it is essential for the correct application of the standards in the public sector that they are understood and interpreted in compliance with the conceptual framework established by IN-TOSAI. All PNs should inherently state that PNs and ISAs must be understood in compliance with INTOSAI’s general conceptual framework when applied in connection with the audit of public entities.</p>	

	<p><i>References in PNs to ISAs</i></p> <p>3. The PNs do not distinguish clearly between guidance directed towards the content of the respective ISAs and guidance directed towards the explanations in the section "Application and Other Explanatory Material". The PNs will become more useful if they are directed towards the guidance in the main text instead of serving as supplementary explanations of the explanation of objectives and requirements contained in the ISAs. A direct reference to the objectives and requirements of the ISAs will make it easier to understand and apply the PN guidance.</p>	
<p>Norway</p>	<p>In all the Practice Notes it is stated in paragraph P2 that the ISA is applicable to auditors of public sector entities in their role as auditors of the financial statements. It is further stated in a footnote that all Practice Notes are considered together with "General Considerations in the Financial Audit Guidelines". It is unclear in</p>	<p>FAS has considered ISA 580 on written representations to be applicable in the public sector, "well aware of the fact that the use of written representations is not widely spread throughout the member SAIs of INTOSAI." Again, FAS did not identify any major reasons not to accept the use of written representations as a procedure in the public sector.</p> <p>In our view written representations may be</p>

	<p>which document the "General Considerations" may be found.</p> <p>In our view the various ISAs will be applicable to public sector auditors to a varying degree, as argued in the specific comments to the Practice Notes below. Therefore, we think it important to emphasize that the ISAs do not have a mandatory application but reflect a "best practice" consensus among SAIs, as described in the draft ISSAI 1000.</p> <p>The comments to the Practice Note to ISA 580 on written representations have relevance to several of the other Practice Notes, in which there is referred to the use of written representations.</p>	<p>appropriate in public sector auditing in many cases, but not necessarily as a procedure to be followed regardless of other well established ways of obtaining or supporting evidence, etc. We would prefer a more open attitude towards the use of written representations, for example as described in paragraph 137 of ISSAI 4200 Compliance Audit Guidelines – Compliance Audit Related to the Audit of Financial Statements: "In evaluating evidence and forming conclusions, written representations may be obtained, as considered necessary in the circumstances, to support audit evidence obtained by public sector auditors."</p>
<p>Czech Republic</p>	<ul style="list-style-type: none"> • We agree with the stated applicability for ISA 580 in the public sector environment. • We agree with the stated additional guidance given in Practice Note to ISA 580. • We think that the drafted guidance to ISA 580 together 	<ul style="list-style-type: none"> • We accept the view that ISA 580 is applicable in the public sector. • We do not see any additional need for guidance on additional objective to be included in the written representations. • We consider the guidance on from whom to request written representations (which

	<p>with ISA 580 provide relevant guidance for the public sector auditor.</p>	<p>is included in paragraph P6) sufficient.</p> <ul style="list-style-type: none"> • We cannot think of any additional examples to bring up in a representation letter. • We would like to make just one small formal comment: in paragraph P5 is used un-existing number of ISA (2102).
<p>Fiji</p>		<p>FAS considered the ISA 580 to be applicable in the public sector, well aware of the fact that the use of written representations is not widely spread throughout the member SAIs of INTOSAI. However, FAS did not identify any major reasons not to accept the use of written representations as a procedure in the public sector. Do you accept this view or can you identify any reason not to accept the applicability?</p> <p><i>Yes, for Fiji, now that the each Ministry and Department must produce and sign off their accounts, it is essential that heads of Ministries/Departments provide written representations to auditors.</i></p> <p>The PN acknowledges the broader perspective of public sector auditing and provides guidance on additional objective to be included in the written representations. Do you see any additional need</p>

		<p>for guidance? <i>Yes</i></p> <p>The PN includes in paragraph P5 guidance on from whom to request written representations. Do you consider this guidance sufficient? <i>Yes, the draft guidance and the respective ISA are very clear and should provide relevant guidance to public sector auditors and be used across all SAIs.</i></p> <p>Appendix 1 of the PN includes some additional issues that may be included in a representation letter in the public sector. Do you have any additional examples? <i>No</i></p>
<p>Sweden</p>	<p>Do you agree with the stated applicability for the ISAs in the public sector environment? <i>Yes we do.</i></p> <p>Do you agree with the stated additional guidance given in the Practice Notes? If not what additional areas/guidance do you think should be added? <i>Yes, we do.</i></p> <p>In your opinion, will the drafted guidance together with the</p>	<p>FAS considered the ISA 580 to be applicable in the public sector, well aware of the fact that the use of written representations is not widely spread throughout the member SAIs of INTOSAI. However, FAS did not identify any major reasons not to accept the use of written representations as a procedure in the public sector. Do you accept this view or can you identify any reason not to accept the applicability? <i>We believe ISA 580 is applicable and find no reasons not to accept the applicability.</i></p>

	<p>respective ISA provide relevant guidance for the public sector auditor? <i>Yes, we believe it will.</i></p>	<p>The PN acknowledges the broader perspective of public sector auditing and provides guidance on additional objective to be included in the written representations. Do you see any additional need for guidance? <i>No, we do not see any additional need for guidance.</i></p> <p>The PN includes in paragraph P5 guidance on from whom to request written representations. Do you consider this guidance sufficient? <i>Yes, we consider the guidance sufficient.</i></p> <p>Appendix 1 of the PN includes some additional issues that may be included in a representation letter in the public sector. Do you have any additional examples? <i>No, we do not use written representation in our SAI at this moment.</i></p>
<p>CIPFA – The Chartered Institute of Public Finance and Accountancy</p>	<p>We have reviewed the practice notes, and in our view they provide a very useful supplement to the core guidance in ISAs. Some provide a fuller explanation of the special considerations for public sector entities, while others provide examples or other contextual information which will be helpful for public sector auditors. The practice notes closely reflect and</p>	

	<p>explain the material which is already in the ISAs.</p> <p><u>General comments</u></p> <p><i>Do you agree with the stated applicability for the ISAs in the public sector environment?</i> Yes, we agree with the stated applicability for each ISA.</p> <p><i>Do you agree with the stated additional guidance given in the Practice Notes? If not what additional areas/guidance do you think should be added?</i> The additional guidance seems sensible and clear. The guidance includes some matters which are not contained in UK guidance on similar matters. However, this probably reflects the specific circumstances in the UK public sector audit environment. We would expect that INTOSAI guidance to be helpful in jurisdictions with different legal systems or forms of government administration, or where the use of ISAs for public sector audit is less</p>	
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	<p>well established.</p> <p><i>In your opinion, will the drafted guidance together with the respective ISA provide relevant guidance for the public sector auditor?</i></p> <p>Yes</p>	
Italy	<p>I have examined ISSAI 1200, 1210, 1240, 1250, 1500, 1550, 1560, 1570, 1580, and I agree with their applicability in the public sector environment (included a Court of Accounts system) and I think that the two documents (the ISA together with the Practice note) may constitute a good guidance for the public sector auditor.</p>	
UK	<p>We endorse the Practice Notes in their current form. In response to you request for general comments:</p> <ul style="list-style-type: none"> • we agree with the stated applicability of the ISAs in the public sector environment; • We agree with the stated additional guidance given in the Practice Notes; and 	<p>FAS considered the ISA 580 to be applicable in the public sector, well aware of the fact that the use of written representations is not widely spread throughout the member SAIs of INTOSAI. However, FAS did not identify any major reasons not to accept the use of written representations as a procedure in the public sector. Do you accept this view or can you identify any reason not to accept the applicability?</p>

	<ul style="list-style-type: none"> in our opinion, the drafted guidance together with the respective ISAs provide relevant guidance for the public sector auditor. 	<p><i>Yes. ISA 580 as interpreted by UK Practice Note 10 has been applied in the UK. Written representations are required as part of the audit of UK central government bodies.</i></p> <p>The PN acknowledges the broader perspective of public sector auditing and provides guidance on additional objective to be included in the written representations. Do you see any additional need for guidance? <i>No. We do not see any additional need for guidance. We consider the guidance in the ISA supplemented by the Practice Note to be sufficient.</i></p> <p>The PN includes in paragraph P5 guidance on from whom to request written representations. Do you consider this guidance sufficient? <i>Yes.</i></p> <p>Appendix 1 of the PN includes some additional issues that may be included in a representation letter in the public sector. Do you have any additional examples? <i>No.</i></p>
<p>Romanian Court of Accounts</p>	<p>Please be informed that the Romanian Court of Accounts to not have comments to the draft Practice Notes to ISAs exposed on the website.</p>	

NAO of Lithuania	I inform you that I do not have any comments on FAS draft practice notes.	
Canada	<ul style="list-style-type: none"> • We agree that ISA 580 is applicable to the public sector. • We agree with the stated additional guidance given in the Practice Note. • In our opinion, the Practice Note together with the respective ISA provides relevant guidance to the public sector auditor. 	<ul style="list-style-type: none"> • We agree with the view that there is no major reason not to accept the use of written representations as an audit procedure in the public sector. • We see no need for additional guidance. • We consider guidance in paragraph P5 to be sufficient. In the appendix, you may want to consider adding the following two items: whether accounting policies have been applied consistently and whether all disclosures related to change in accounting policies are complete and accurate • We are not Court of Accounts auditors, therefore we have no comment.
Costa Rica	<ul style="list-style-type: none"> - We agree with the stated applicability for the ISA in the public sector environment. - We agree with the stated additional guidance given in the Practice Note. 	<ul style="list-style-type: none"> - Since written representations are part of the evidence necessary for the auditor regarding the audit of financial statements, we agree with the view of the SET. The use of written representations as statements provided by management to confirm certain matters or to support audit evidence is compatible to our audit

	<p>- In our opinion, the drafted guidance together with the respective ISA provide relevant guidance for the public sector auditor.</p>	<p>and jurisdictional operating procedures.</p> <p>- Paragraph P5 provides sufficient guidance, since those from whom to request written representations may vary according to different legislation and jurisdictions.</p> <p>- The Appendix 1 fairly provides additional issues to include in a representation letter in the public sector.</p> <p>- Our office is not providing suggestions about the Court of Accounts environments.</p>
<p>Hungary</p>	<p><i>Do you agree with the stated applicability for the ISAs in the public sector environment?</i> Yes, we do.</p> <p><i>Do you agree with the stated additional guidance given in the Practice Notes? If not what additional areas (guidance do you think should be added?</i> Yes, we agree that the Practice Notes provide additional guidance in public sector auditing.</p> <p><i>In your opinion, will the drafted guidance together with the</i></p>	<p>The implementation of ISA 580 in the public sector is acceptable, however, in our opinion it would be expedient to entrust the individual SAIs whether they prefer asking for, and if so, what kind of written declaration, as well as in which cases would they accept them as audit evidence.</p> <p>We agree with the statement of the Draft Practice Notes (P4), namely that the approach of the financial audit of the public sector often is of a wider range than in the private sector. The State Audit Office of Hungary has been also using this approach in its financial audits. In our opinion the Draft Practice Notes are satisfactory in this respect. Similarly, we consider it appropriate that</p>

	<p><i>respective ISA provide relevant guidance for the public sector auditor?</i></p> <p>In our opinion the ISAs for the public sector – together with the supplements of the INTOSAI documents – provide relevant guidance for the public sector auditor.</p> <p>As a general comment to the Practice Notes we would like to note that it may be problematic that working groups drafting specific professional regulations (like the present one) have finished their job earlier than those teams drafting for instance ISSAI 1000 or ISSAI 1002. This is obviously due to the fact that tasks have different magnitude and working groups operate along various rules of procedures. When giving an opinion on the detailed regulation we think that this aspect should also be taken into consideration.</p>	<p>Practice Note P5 mentions: it should be defined from whom and what kind of written declaration/certificate by taking into consideration this wider scope of authority.</p> <p>As regards the appendix of the Practice Notes we are not proposing the inclusion of additional declarations.</p>
Australia	Do you agree with the stated applicability for the ISAs in the public sector environment?	FAS considered the ISA 580 to be applicable in the public sector, well aware of the fact that the use of written representations is not

	<p>Agree.</p> <p>Do you agree with the stated additional guidance given in the Practice Notes? If not what additional areas/guidance do you think should be added?</p> <p>Agree.</p> <p>In your opinion, will the drafted guidance together with the respective ISA provide relevant guidance for the public sector auditor?</p> <p>Yes.</p>	<p>widely spread throughout the member SAIs of INTOSAI. However, FAS did not identify any major reasons not to accept the use of written representations as a procedure in the public sector. Do you accept this view or can you identify any reason not to accept the applicability?</p> <p>The ANAO strongly agrees with this view - written representations are a standard procedure in the Australian public sector.</p> <p>The PN acknowledges the broader perspective of public sector auditing and provides guidance on additional objective to be included in the written representations. Do you see any additional need for guidance?</p> <p>No.</p> <p>The PN includes in paragraph P5 guidance on from whom to request written representations. Do you consider this guidance sufficient?</p> <p>The latest conforming amendments made by the IAASB to ISA 580 as a result of changes to ISA 210 at the IAASB's December 2008 meeting indicate that representations are to be sought from management and, where appropriate, those</p>
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		<p>charged with governance. The PN appears to provide greater discretion to determine who might make representations than the ISA envisages. It is not clear that such discretion is warranted.</p> <p>Appendix 1 of the PN includes some additional issues that may be included in a representation letter in the public sector. Do you have any additional examples?</p> <p>No.</p>
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