

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

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

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

Designing and implementing responses

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

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

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

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

Engagement quality review

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

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

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

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

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

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

· the requirement to perform engagement quality reviews,

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

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

We have added this and,

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

We have added this

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

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

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

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

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

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

Please see our responses to individual paragraphs

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

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

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

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

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

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

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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

REVISION OF ISSAI 140 – ANALYSIS OF REPLIES TO EXPLANATORY MEMORANDUM BY RESPONDENT/QUESTION *(in green)*

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