

Attachment A
The Institute of Internal Auditors (The IIA)

Response to INTOSAI Exposure Draft ISSAI 40 – Quality Control for SAIs

- 1) Page 5 - Under heading (a) Element 1: Leadership responsibilities for quality within the SAI. The last bullet reads “The head of the SAI may delegate operational responsibility for the SAI’s system of quality control.....” This bullet appears to conflict with the bullet above it. It may be clearer to state that while the head of the SAI maintains overall responsibility “operational management” may be delegated to a person with sufficient and appropriate experience...”
- 2) Page 8 – Under heading (c) Element 3: Acceptance and continuance. The second to last bullet on page 8 states “... address the risks arising from the capability of staff,” This requirement would be clearer if the document stated that in conducting an audit engagement the SAI should consider whether the staff assigned to the audit collectively possess the skills necessary to properly conduct the audit.
- 3) Page 9 – Under heading (d) Element 4: Human resources. The key principle states that “An SAI should establish ... to enable the SAI to issue reports that are appropriate in the circumstances.” It is not clear from the draft guidance what constitutes “appropriate in the circumstances” or by whom it might be considered appropriate.
- 4) Page 10 - Under heading (d) Element 4: Human resources. The last bullet in this section states that the SAI should ensure that “performance objectives and appraisals of staff and all parties contracted to conduct work...” In terms of contractors completing work for an SAI it is a sound practice to establish performance objectives for the contractor. At the same time it may not be practical for the SAI to incorporate contractors into the appraisal process. This section requires some work to clarify the expectations of an SAI. In terms of the use of contractors this should relate to an assessment of their performance and the determination as to whether the SAI would use the contractor’s services in the future.
- 5) Page 10 - Under heading (d) Element 4: Human resources. The bullets at the top of the page - career development, promotion, compensation, and estimation of personnel needs while important to the management of the SAI do not directly relate to audit quality.
- 6) Page 11 – Under heading (e) Element 5: Engagement Performance. The second to last bullet point requires “timely documentation following completion of each engagement.” As an audit engagement is not complete until all audit work performed has been properly documented and reviewed, we suggest this bullet be reworded as “timely documentation of all work performedduring the engagement.”
- 7) Page 12 – Under heading (f) Element 6: Monitoring. The key principle point (c) would be more clearly stated by requiring staff who are monitoring adherence to the SAIs quality management framework be independent of those who conducted the assurance engagement.
- 8) Page 13 – Under heading (f) Element 6: Monitoring. This section of the exposure draft should adopt stronger language with respect to external peer reviews. The fourth bullet

under considerations for SAIs states “Where appropriate, SAIs should consider ...” having another SAI conduct an independent review. This independent review should be “required,” and be performed by an external party or another SAI. Periodic, independent external reviews are a key element for professional bodies whose members are providing assurances to their stakeholders. Such reviews should normally be conducted once every five years.

- 9) Page 13 – Under heading (f): Monitoring. The key principles do not clearly distinguish between internal monitoring carried out by a quality review group inside the organization and external assessments carried out through an external quality assurance or peer review. The guidance should clearly explain that there are two assessment processes - internal and external.