

IAASB
International Auditing and Assurance Standards Board

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1 July 2019

Subject: Response from FSR – danske revisorer (FSR – Danish Auditors) to the IAASB Consultation Paper on The IAASB’s Exposure Drafts for Quality Management at the Firm and Engagement Level, Including Engagement Quality Reviews, Overall Explanatory Memorandum.

Dear Sir or Madam,

FSR – Danish Auditors is pleased to provide you with our response to the IAASB's Consultation Paper on the IAASB’s Exposure Drafts for Quality Management at the Firm and Engagement Level, Including Engagement Quality Reviews, Overall Explanatory Memorandum. Please refer to appendix 1 for our detailed answers to the questions stated in the invitation to comment.

We overall support the proposed standards. However, we have some general comments regarding the standards.

The standards proposed /issued by the IAASB continue to increase in length and complexity. We encourage the IAASB to focus on reducing length and complexity when developing standards, and to bear in mind that standards should be principles based.

We encourage the IAASB to increase focus on scalability. We further emphasise that scalability should be addressed in connection with relevant requirements and not in application material. Further we emphasise that the ideal standard would be designed with a bottom-up approach.

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If you need us to elaborate on our comments, please contact Louise Nellemann at ln@fsr.dk

Yours sincerely,

Tom Vile Jensen
Director

Louise Nellemann
Head of Technical Audit,
State Authorized Public Accountant

Appendix 1

Side 3

Overall Questions

Question 1:

Do you support the approach and rationale for the proposed implementation period of approximately 18 months after the approval of the three standards by the Public Interest Oversight Board? If not, what is an appropriate implementation period?

As the ISQMs and ISA 220 have a comprehensive impact on the overall quality management systems and need to be implemented in all audit firms prior to the effective date, we do not think that the proposed implementation period allows sufficient time for implementation. We suggest to allow at least 30 months for implementation.

Question 2:

In order to support implementation of the standards in accordance with the IAASB's proposed effective date, what implementation materials would be most helpful, in particular for SMPs?

Templates and illustrative examples for various types om SMP's (firms only performing ISRS engagements, firms performing ISRS and ISA on non-PIE clients, firms with few practitioners, etc.) Could be Quality Objective/Quality Risk/Response/KPI templates.

General Questions

Question 3:

In addition, the IAASB is also seeking comments on the general matters set out below for all three EDs:

- (a) Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the International Standards, the IAASB invites respondents from these nations to comment on the proposals, in particular, on any foreseeable difficulties in applying it in a developing nation environment.**

We have no comments to this question.

Side 4

(b) Public Sector—The IAASB welcomes input from public sector auditors on how the proposed standards affect engagements in the public sector, particularly regarding whether there are potential concerns about the applicability of the proposals to the structure and governance arrangements of public sector auditors.

We have no comments to this question.

(c) Translations—Recognizing that many respondents may intend to translate the final ISQMs and ISA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents may note in reviewing the proposed standards.

The wording and sentence structure are in general very complicated, which makes it difficult even for native English speakers to understand the standards. The structure and length of sentences make it very difficult to translate. As a result of severe issues regarding translation of ISA 540, we therefore strongly encourage the IAASB to reduce the complexity of the sentences. We call for plain English.

In relation to translation we encourage the IAASB to bear in mind that inconsistent language creates severe translation issues. Consistent language is needed at an overall level for all documents issued by the IAASB.