

Oslo, 2016-05-25

Response to the IAASB's Invitation to Comment on Enhancing Audit Quality

Dear Ms. Healy,

DnR¹ is pleased to provide you with its comments on the International Auditing and Assurance Standards Board (IAASB) Invitation to Comment (ITC): *Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits*.

We agree that the topics discussed in the ITC are important factors in contributing to audit quality but care must be taken when deciding on how to handle the topics in the standards. A large number of the issues identified in the ITC are regulatory-driven and in many cases issues that are mostly found in large and complex audits. Since the ISAs are standards developed to be used on all audits IAASB must be careful not to develop standards that are overly complex. IAASB should when considering how to address the input from the ITC keep in mind that the ISAs must be flexible and scalable to be relevant on SME audits and at the same time not constrain innovations that will happen in the near future.

Our response focuses at a high level on the topics discussed and the direction that IAASB should take with the ITC. For input on the specific questions in the ITC we refer to the comment letter from FEE.

We agree that professional skepticism is an important factor in audit quality and that the main aspect in scepticism is having a questioning mindset. The question is how professional skepticism will be affected with more detailed requirements in the standards. We believe that important factors in professional skepticism is having the “right attitude” and applying a “questioning mindset” in the audit. Therefore, we think the best way for developing professional skepticism is training, education and mentoring.

¹ Den norske Revisorforening (The Norwegian Institute of Public Accountants) is the professional body for registered public accountants and state authorized public accountants in Norway. DnR represents the auditors approved by the Norwegian state to perform statutory audits in Norway.

We support a Quality Management Approach (QMA) that is risk based and flexible. The direction taken when developing the revised requirements in the ISAs and ISQC1 must allow for tailoring to the specifics of each audit firm, small and large. For the QMA to work in practice it is important to show examples on how the framework should be effectively applied in a small practice.

In relation to group audits we believe that the best way of addressing many of the issues identified in the ITC is to develop application material and examples on how the standards can be used in practice.

Questions or comments regarding this letter should be directed to kai.morten.hagen@revisorforeningen.no.

Kind Regards,
The Norwegian Institute of Public Accountants



Per Hanstad
CEO