

IAASB
International Auditing and Assurance Standards Board

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12 May 2016

Subject: FSR – danske revisorer response to the IAASB's Invitation to Comment on Enhancing Audit Quality

Dear Sir or Madam,

FSR – danske revisorer is pleased to provide you with its comments on the IAASB Exposure Draft (ED): “Enhancing Audit Quality” (“the ED”).

In general, we are supportive of having more focus on professional skepticism and the related documentation issues. And we agree that the main aspect of skepticism is having a questioning mind. We do, however, recognize that the regulators etc. want the profession to be more skeptical which could entail that we perhaps should be inquisitive, as opposed to just questioning in relation to assessing audit evidence. We are not convinced that the initiatives in the ITC will actually lead to more or better skepticism. As we see it, the initiatives will mainly lead to better documentation of professional skepticism. If there is a need for more or better skepticism, we believe a more radical approach is called for, especially to support a consistent approach to professional skepticism in the context of the very diverse cultures around the world.

In relation to quality control, we agree that it is appropriate to have a risk based approach. We also believe that the overarching principle that permits the QMA to be tailored to the specifics of the audit firm is sound; and this principle should also be reflected in the governance of the individual firm or network. The management and governance of an audit firm shall in our opinion be regulated by the individual firm or network and the local regulation and not by the international standards.

Furthermore, we are of the opinion that the role and responsibilities of the engagement partner are clear, and there is no need of further application materials.

In our opinion, there is, however, a need to create more awareness of the different aspects of the existing framework for quality control.

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There is always the risk that more rule-based regulation could lead to more tick-box checking and that the main issues related to performing a quality audit would not be addressed.

We support the development of a new standard covering EQC review or an IAPN, as we see this as an area of uneven approaches in practice. There is also a need for further application material in relation to the relevance of an EQC review on audits of non-listed companies.

In relation to group audits we support many of the issues but would prefer them to be addressed in application materials or even better IAPNs. Especially, we find it very relevant to address the issues surrounding the audit of "letter-box" companies. Further, we believe that the issues surrounding non-controlled entities and shared service centers should be addressed in updated standards.

For specific answers to the queries in the ITC, we in general refer to the comment letter from FEE.

Kind regards,
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FSR – danske revisorer