
STATUTORY AUDIT AND QUALITY

Value through quality

when compliance is not enough

ISQM Italia 1, ISQM Italia 2 and ISA Italia 220: why a compliant system of quality management does not, on its own, guarantee an audit that creates value for the company and its stakeholders

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Value through quality: *when compliance is not enough*

by Elda Gagliano · 23 October 2026

“A firm can meet all its quality standards and still fail to deliver value.” The sentence, shown on screen at the Integra International conference in Amsterdam, which Link Audit attended as a member firm of the network, captures precisely the risk the profession faces today: mistaking quality for its documentation.

A new framework, an old temptation

With Determination no. 184 of 8 August 2023 of the State General Accounting Office (Ragioneria Generale dello Stato), Italy adopted ISQM Italia 1 on quality management, ISQM Italia 2 on engagement quality reviews and the revised ISA Italia 220. ISQM Italia 1 has been mandatory since 1 January 2025, with early adoption permitted from 2024; ISQM Italia 2 and ISA Italia 220 apply to audits of financial statements for periods beginning on or after the same date.

The shift in approach is profound. The former ISQC Italia 1 required firms to put control procedures in place; the new system requires auditors and audit firms to set quality objectives, identify the risks that threaten them and design proportionate responses. It is a risk-based approach that places leadership, culture and professional judgement at its centre.

That is exactly where the temptation lies. A system built on objectives, risks and responses can be experienced as yet another layer of forms to fill in: risk matrices, checklists, monitoring minutes. Everything in order, everything filed. And, at times, no additional value for those who read the financial statements.

Technical quality and value are not the same thing

Technical quality measures whether the work was performed in accordance with the standards: sufficient appropriate audit evidence, complete documentation, a consistent opinion. It is the minimum condition, and it is not negotiable. Value measures something different: whether the work has improved the understanding of risks, the reliability of information and the quality of decisions made by those charged with governance. The difference becomes clear when comparing two

ways of carrying out the same requirements.

COMPLIANT, BUT NO VALUE	COMPLIANT AND VALUE-ADDING
Report issued within the statutory deadline	Issues flagged while there is still time to act, not on the eve of the shareholders' meeting
Planning checklist completed	Significant risks tailored to the actual business model and discussed with the directors
ISA Italia 260 communications formally sent	Genuine dialogue with the board of statutory auditors (collegio sindacale) on estimates, judgements and areas of uncertainty
Internal control deficiencies listed (ISA Italia 265)	Deficiencies ranked by significance, with practical recommendations and follow-up on remediation
Going concern assessed at year end	Signs of financial distress picked up during the year, in line with art. 25-octies of the Business Crisis Code
Engagement quality review documented	A review that challenges the key judgements of the engagement, not only the completeness of the working papers

Value is not complacency

Talking about value does not mean bending the audit to the client's expectations. Quite the opposite. ISQM Italia 1 links quality objectives to the auditor's role in the public interest, and the greatest value an audit can offer is precisely an independent opinion, grounded in professional scepticism exercised to the full. An audit that avoids uncomfortable questions so as not to disturb anyone does not create value: it destroys it, because it undermines the credibility of the financial statements.

Value arises where rigour meets relevance. Rigour, because without technical quality there is nothing to offer. Relevance, because the work must focus on what truly matters for that company, at that moment: its actual risks, its most sensitive estimates, the weak points in its organisational arrangements.

Bringing value into the quality management system

ISQM Italia 1 leaves auditors room to set additional objectives and tailored responses. Using that

room well means turning the system of quality management from a defensive archive into a working tool.

AREA	WHAT TO DO
Governance and leadership	State explicitly that quality includes the relevance of the work, not just its compliance, and assess partners on this too
Quality indicators	Complement process indicators (hours, timing, monitoring findings) with outcome measures, such as the timeliness of communications and the follow-up given to recommendations
Engagement planning	Start from an understanding of the business and its risks, not from last year's template
Communication with governance	Schedule meetings with the board of statutory auditors during the year, not only at closing
Monitoring and remediation	In root cause analyses, ask not only "what is missing from the file" but "what did we fail to see"
Listening	Gather feedback from directors and the board of statutory auditors at the end of the engagement, without affecting the independence of the opinion

For smaller practices, such as many individual auditors and small audit firms, the principle of proportionality is an ally: a lean system that is genuinely lived produces more value than a voluminous but formal one.

Quality built into the method: Digit Audit 4.0

For a quality system not to remain on paper, it has to live in the way each engagement is carried out. For statutory audits, Link Audit uses Digit Audit 4.0, a platform that guides the entire engagement cycle, from acceptance and planning through audit procedures to the auditor's report, and that ensures compliance with the quality principles required by ISA Italia.

In this way, compliance with the standards is embedded in the working method rather than left to after-the-fact checks. The team's time and attention can then focus where value is created: understanding the business, the significant risks, the dialogue with those charged with governance. The platform does not replace professional judgement; it gives it a solid and traceable foundation.

Meeting the standards is the starting point, not the finish line. Quality is measured by what the audit makes it possible to see, and to correct, before it is too late.

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References: Determination of the State General Accounting Office (RGS) no. 184 of 8 August 2023 (adoption of ISQM Italia 1, ISQM Italia 2 and revised ISA Italia 220); art. 11 Legislative Decree no. 39 of 27 January 2010; ISA Italia 260 and 265; art. 25-octies Legislative Decree no. 14 of 12 January 2019 (Business Crisis and Insolvency Code). This article is for information purposes only and does not replace a professional assessment of specific cases. This is a translation of the Italian original; in case of discrepancies, the Italian version prevails.

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