



Supreme Audit Institutions Performance Measurement Framework

Endorsement Version

24 October 2016

**INTOSAI Working Group on the Value and
Benefits of SAIs**

Acknowledgement

The Supreme Audit Institutions Performance Measurement Framework (SAI PMF) is an INTOSAI framework, developed by the INTOSAI Working Group on the Value and Benefits of SAIs (WGVBS) and implemented in partnership by INTOSAI bodies, including a number of SAIs that have piloted the framework during 2013-2015 and thus contributed to its development. The INTOSAI-Donor Cooperation has provided financial support for its development and global roll-out.

The technical development work was carried out by a Task Team under the WGVBS consisting of the SAIs of Bahrain, Brazil, Chile, Germany, India, Mexico, the Russian Federation and the United Kingdom, as well as the AFROSAI-E Secretariat, the CREFIAF Secretariat and the Inter-American Development Bank. The Task Team was coordinated by the INTOSAI-Donor Secretariat within the INTOSAI Development Initiative (IDI). A number of SAIs and a wider Reference Group of interested stakeholders has provided input at key stages in the development process. In addition, a working group representing SAIs with jurisdictional functions has provided input from the perspective of SAIs of that model. In addition, support for proof-reading and translation was provided by the SAIs of Brazil, France, Germany, Kuwait, Mexico, Portugal and the UK, as well as the Inter-American Development Bank.

Queries

Queries to the Endorsement Version should be sent to the INTOSAI-Donor Secretariat in IDI, as coordinator of the Task Team: intosai.donor.secretariat@idi.no, and SAI Mexico as Chair of the Working Group on the Value and Benefits of SAIs: wgvbs_secretariat@asf.gob.mx

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Note on Use of Version Control

Updated versions for the SAI PMF Task Team and Reference Group would be 1.0, 1.1, 1.2 etc.

Updated versions for the WGVBS or for consultation and publication would be 1.0, 2.0, 3.0, etc.

List of Abbreviations

AFROSAI-E	African Organisation of English-speaking Supreme Audit Institutions
iCAT	ISSAI Compliance Assessment Tool (IDI)
IDI	INTOSAI Development Initiative
INTOSAI	International Organization of Supreme Audit Institutions
IntoSAINT	Self-Assessment INTegrity: A tool to assess the vulnerability and resilience to integrity violations of Supreme Audit Institutions, developed by the Netherlands Court of Audit
ISSAI	International Standards of Supreme Audit Institutions
NA	Not Applicable
PEFA	Public Expenditure and Financial Accountability
PEFA PI	PEFA Framework Performance Indicator
PFM	Public Financial Management
QA	Quality Assurance
QC	Quality Control
SAI	Supreme Audit Institution
SAI PMF	Supreme Audit Institution Performance Measurement Framework
SAI-PR	Supreme Audit Institution Performance Report
WGVBS	INTOSAI Working Group on the Value and Benefits of SAIs

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Forewords

It is my great pleasure to present to the INTOSAI community the SAI Performance Measurement Framework (SAI PMF). The framework has been developed following a thorough development process since 2010, in order to support SAIs in their endeavors to reach the objectives of ISSAI 12 *The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens*, which lays out how SAIs should work to:

- strengthen the accountability, transparency and integrity of government and public sector entities;
- demonstrate ongoing relevance to citizens, Parliament and other stakeholders; and
- being a model organization through leading by example.

Assessing performance plays an important part in these efforts, as it helps SAIs gauge where they stand for their internal development purposes, and also enables them to demonstrate their credibility with external stakeholders. It is a great strength of the SAI PMF that it enables SAIs to assess their performance holistically – the framework covers both audit work (and jurisdictional control where relevant), internal governance and ethics, relations with external stakeholders, and independence and legal framework. This is in recognition of the fact that SAIs are complex institutions, and that performance in different areas are interlinked.

SAI PMF has been tested extensively since 2013, in a substantial number of SAIs representing different administrative structures and levels of development. There have also been several broad consultations on earlier drafts of the framework. This has resulted in a framework that is strongly founded in the ISSAI framework and other INTOSAI good practices, is applicable to all SAIs, and can be used in very different contexts and for different purposes.

Some key principles have guided the development of the framework, and will continue to guide its use following the endorsement at XXII INCOSAI in Abu Dhabi in 2016. First of all, use of the SAI PMF is voluntary, and all key decisions relating to the assessments are to be made by the SAI. Secondly, the framework can be used in different ways; for self assessments, peer assessments, external assessments, or a mixture of the three. Thirdly, the objective of a SAI PMF assessment is linked to the development of the SAI in question – not to any comparison between SAIs. A final principle is high quality assessments. This is achieved through evidence-based assessment of current performance in combination with strong mechanisms for quality control and independent review of draft reports.

As the work related to the development of SAI PMF has come to an end for now, I would like to express my deep appreciation to all SAIs and others who have contributed to the development process since 2010. In my view, both the active engagement and the final result truly live up to INTOSAI's motto: *Mutual Experience Benefits All*.

Juan M. Portal

Auditor General of Mexico and
Chairman of the INTOSAI Working Group on the Value and Benefits of SAIs

Strengthened support to Supreme Audit Institutions (SAIs) is the key objective of the INTOSAI-Donor Cooperation, which brings together INTOSAI and development partners in a strategic partnership in recognition of the role of SAIs in ensuring accountability for public funds. The significance of SAIs has received renewed attention with the adoption of the Sustainable Development Goals, where Goal 16 highlights the importance of effective and accountable institutions.

In our view, the SAI Performance Measurement Framework (SAI PMF) will play an important role for SAIs wanting to develop their capacity, as it enables them to measure their performance against established INTOSAI standards and good practices; assess needs; develop evidence-based strategic plans and capacity development projects; and measure their own progress over time.

The INTOSAI-Donor Cooperation has been a strong supporter from the beginning. It has championed the SAI PMF and contributed to the development process through strategic advice and financing pilot assessments and training events. The INTOSAI-Donor Secretariat in IDI has served as the coordinator of the SAI PMF task team.

A mapping completed at the beginning of the SAI PMF development process showed how there were a range of tools that to a smaller or greater degree assessed the performance and needs of SAIs, both in the INTOSAI and donor communities. While different tools continue to exist because they fulfill specific purposes, we see great value in now having the SAI PMF as a widely known and used multi-purpose framework for measuring SAI performance. Having a framework that is recognized by a large number of stakeholders, including within the international donor community, helps reduce transaction costs for SAIs and strengthens the dialogue with development partners. In our view, the SAI PMF enables high quality, evidence-based assessments which will be of value both for SAIs and their development partners.

We look forward to the SAI PMF becoming a prominent global assessment and monitoring tool supporting the continued development of SAIs world-wide.

Jennifer Thomson

Director/Chief Financial Management Officer,
World Bank

Dr. Husam Al-Angari

President of the General Auditing Bureau of
Saudi Arabia

Co-Chairs of the INTOSAI-Donor Cooperation

1. About the SAI Performance Measurement Framework

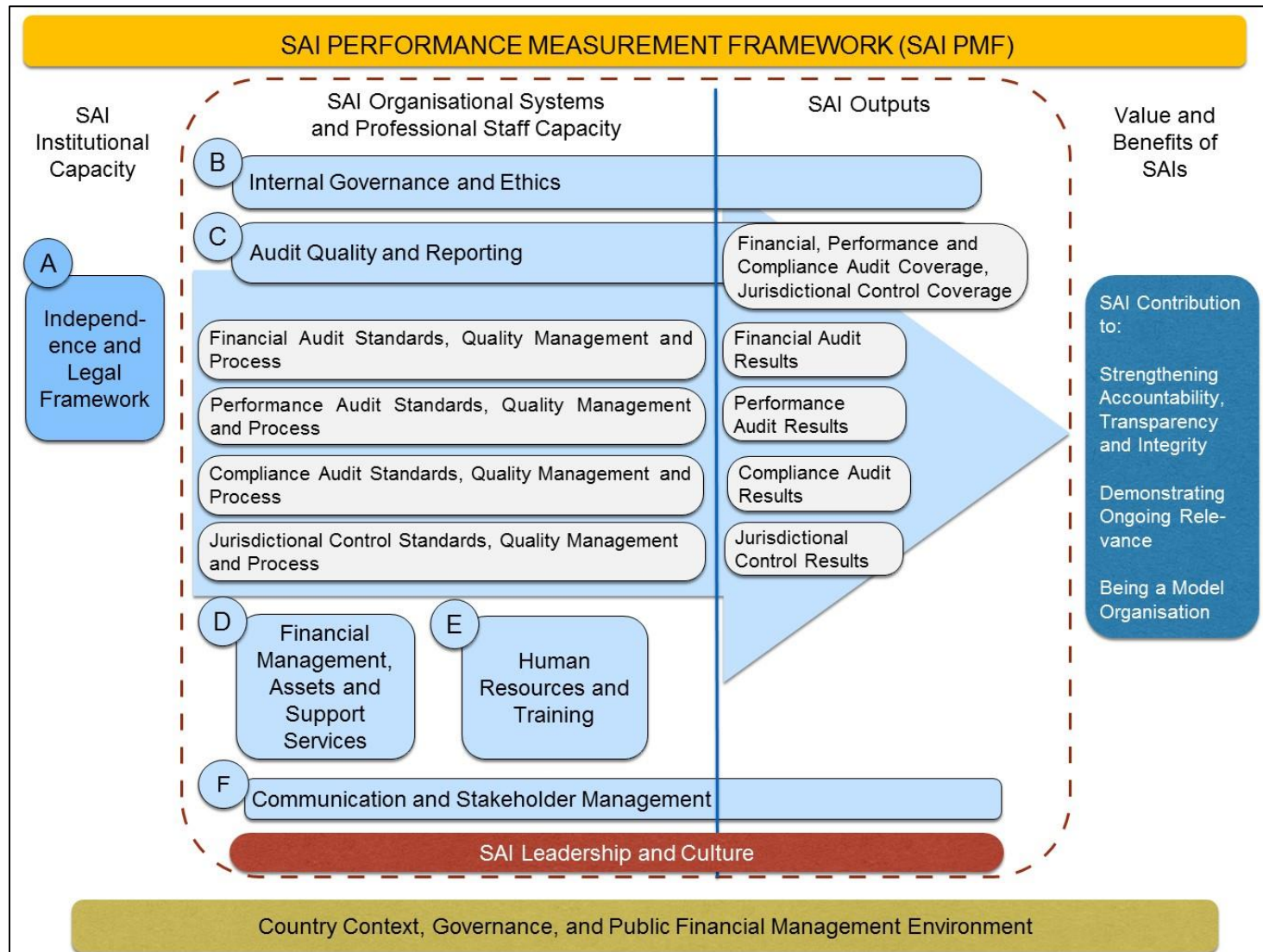
1.1. Background and Purpose

The Supreme Audit Institutions Performance Measurement Framework (SAI PMF) was developed by the INTOSAI Working Group on the Value and Benefits of SAIs (WGVBS) following a decision at the INTOSAI Congress in South Africa in 2010. This version, which will be presented for endorsement at the INTOSAI Congress in Abu Dhabi in 2016, reflects experiences from the Pilot Version (from July 2013), which was subject to extensive consultation and testing through more than 20 pilot assessments, and several official rounds of consultation with numerous stakeholders during 2013-15.

The SAI PMF provides Supreme Audit Institutions (SAIs) with a framework for voluntary assessments of their performance against the International Standards for Supreme Audit Institutions (ISSAIs) and other established international good practices for external public auditing. SAI PMF is a multi-purpose, universal framework, and can be applied in all types of SAIs, regardless of governance structure, mandate, national context and development level. The framework can be used to contribute to improved SAI capacity development and strategic planning through promoting the use of performance measurement and management, as well as identifying opportunities to strengthen and monitor SAI performance, and to strengthen accountability. It is relevant for those SAIs that have adopted, aspire to adopt, or wish to benchmark themselves against the ISSAIs and other international good practices. It is a voluntary tool and not intended to be obligatory in all or parts of the INTOSAI community.

In line with the objectives of ISSAI 12 *The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens*, the SAI PMF also provides SAIs with an objective basis for demonstrating their ongoing relevance to citizens and other stakeholders. It aspires to assess SAI contribution towards strengthened accountability, transparency and integrity. It gives SAIs an opportunity to become model organizations, leading by example in promoting transparency and accountability through credible public reporting on their own performance.

Diagram 1. Structure of the SAI Performance Measurement Framework



1.2. Use of the SAI PMF

The SAI PMF is intended to be used to establish how well an SAI performs compared to international good practice, as well as to identify its strengths and weaknesses. The assessment should be evidence based. Use of the SAI PMF is voluntary. The decision to undertake an assessment using the SAI PMF rests with the Head of the SAI in question. A SAI PMF assessment does not propose future reform recommendations; rather an assessment using the SAI PMF may be followed by a process to develop a SAI strategic plan, and/or identify, prioritise and sequence proposed capacity development initiatives. Purposes of a SAI PMF assessment include:

- **As a step towards ISSAI implementation:** learning where the need for change is greatest in order to follow the key principles of the ISSAIs, obtaining an increased understanding of what good practice for SAIs entails
- **To demonstrate progress and value and benefits to society:** measuring progress over time and demonstrating this to external stakeholders, showing to stakeholders how the SAI contributes to strengthening public financial management, promoting good governance, fostering transparency and accountability, and tackling corruption.
- **Strategic planning:** conducting a needs assessment covering the entire organization, which the SAI may use to inform the development of a strategic plan
- **Internal performance measurement / annual reporting:** improving or introducing internal performance measurement procedures
- **To obtain and maintain support for capacity development efforts:** showing commitment to change and establishing a performance baseline

A more comprehensive list of possible purposes can be found in additional SAI PMF guidance material.

The SAI PMF uses the International Standards of Supreme Audit Institutions (ISSAIs) as the main benchmark against which performance is measured. Most of the indicators have been developed on the basis of ISSAIs, at levels 1-3.¹ Many SAIs are currently in the process of implementing the standards. For such SAIs, the SAI PMF can be used to get a high-level overview of where there is a need for change in order to meet the principles of the ISSAIs at levels 1-3. Given its comprehensive scope, SAI PMF provides sufficient detail for a diagnostic review or needs assessment in most areas, with the exception that it does not (i) measure compliance with level 4 ISSAIs, and (ii) examine stakeholder expectations of the SAI. Nevertheless, the SAI PMF criteria in the audit indicators, which are based on level 3 ISSAI principles, reflect the main requirements in level 4 ISSAIs. There are other INTOSAI tools that have been developed for quality assurance reviews of the SAI's compliance with ISSAIs at level 4. The scope of the SAI PMF indicators are more thoroughly explained in 1.3, and under each respective domain in Chapter 3.

Furthermore, not all SAIs aim to implement the ISSAIs, for example because of restrictions in their mandate. For these SAIs, the SAI PMF might not be the most appropriate approach to performance

¹ For more information on the ISSAI framework, please see www.issai.org. For a list of references to the ISSAIs and other benchmarks used, please see Annex 2.

assessment, and publication of the results of such an assessment could provide a misleading picture of the SAI's performance.

1.3. Scope and Coverage of the SAI PMF

The SAI PMF gives an overview of the important areas of SAI performance. It covers both the SAI's internal processes and its outputs. It seeks to measure SAI performance against the ISSAIs and other good practice established within INTOSAI, and to a certain extent against the SAI's specific mandate and legal framework. Its standardized scope and objective measures of SAI performance in the form of indicators makes it well suited for comparison of performance over time.

The SAI PMF consists of two components:

- 1) Guidance for the performance report, which is the end product of the assessment and which consists of a narrative analysis of the findings. This is provided in chapter 2.
- 2) A set of 25 indicators (of two to four dimensions each) for measuring SAI performance against international good practice in six domains:²
 - A. Independence and Legal Framework
 - B. Internal Governance and Ethics
 - C. Audit Quality and Reporting
 - D. Financial Management, Assets and Support Structures
 - E. Human Resources and Training
 - F. Communication and Stakeholder Management

The full indicator set is provided in chapter 3. While the individual domains in SAI PMF provide useful information on their own, input from all the domains as well as the background information is required for conducting a comprehensive analysis of the performance of the SAI.

The indicators predominantly measure things which are within the control of the SAI, i.e. its organisational systems and professional capacity. The exception is Domain A, which measures the SAI's independence and legal framework. These are factors which are mainly decided by other bodies in the national governance system and which the SAI has limited influence on. They are nevertheless included because they are crucial to the SAI's performance, and because they are given considerable emphasis in the ISSAI framework. It should however be recognized that any weaknesses in this domain may not easily be addressed by the SAI itself. The narrative Performance Report also assesses factors which are not within the control of the SAI, but which have an impact on its performance, like the quality of the other components of the public financial management (PFM) environment. This part of the assessment is however informed by secondary sources of information, and not the indicators of the SAI PMF.

The SAI PMF focuses on the SAI of a country, and is not tailored towards assessments of the entire public auditing system, which may include other bodies in addition to the SAI. Depending on the national institutional framework (e.g. unitary or federal state, the extent of decentralization), it may be that the SAI coexists with either national or regional public audit bodies. In such cases, legislation will likely determine the respective mandates of the SAI compared to other public audit bodies, and the role of the

² Three of the indicators are specific to SAIs with jurisdictional functions and will not be applicable for other SAIs.

SAI (if any) in overseeing the work of other public auditors. It is important for the assessment team to clearly identify and state the degree of autonomy of the other public auditing bodies and whether or not they will be covered by the assessment.

To enable a thorough assessment of the SAI's audit practices, it is recommended that the assessment examines the SAI's work in the latest completed fiscal year, unless otherwise specified in the indicators. Given the comprehensive scope of the assessment, it is recommended that SAI PMF repeat assessments are carried out every 3-5 years.

1.4. About the SAI Performance Report

The SAI Performance Report is a narrative report which provides the reader with an overall picture of the SAI's performance, informed by an understanding of the environment in which the SAI operates, the interdependencies between the different aspects of the SAI's performance, and the detailed assessment of findings and indicator scores. The Performance Report is the key output of a SAI PMF assessment and provides analysis beyond the indicator scores.

The recommended structure of the SAI Performance Report and guidance on how to write it is provided in chapter 2.

1.5. About the Set of Performance Indicators

Each indicator seeks to measure the performance of the SAI on a key area against a five point scale from 0 to 4³. The indicators are designed to enable objective measurement, although a certain amount of professional judgment must be applied by the assessors. Guidance has been developed on performance criteria for each score, for each of the indicators, and is included in the indicator set itself. There is no aggregated score for the entire SAI because all indicators are not equally important, and their relative importance will vary from SAI to SAI and from year to year. An overall analysis of the performance of the SAI should instead be provided in the narrative Performance Report.

Guidance on scoring is provided in chapter 3.

1.6. Assessment Methodology

Chapter 3 presents the set of indicators, with their respective dimensions and criteria. For each indicator a short text presents the suggested approach on how to measure the indicator, to assist the assessors. In addition, the additional SAI PMF guidance material can be used as support in planning and conducting the assessment.

1.6.1. The SAI PMF Assessment Stages

Conducting a SAI PMF assessment is a comprehensive process, which demands several key decisions from the SAI in question. The following are the main stages of a SAI PMF assessment:

1. The decision to conduct the assessment

³ The scoring levels (0-4) should not be confused with the four levels of the ISSAI framework. There is no connection between the two. The SAI PMF is based on levels 1-3 of the ISSAI framework.

2. Planning the assessment
3. Carrying out the assessment
4. Quality management to ensure a high-quality report
5. After the assessment – using the results

The Decision to Conduct the Assessment

There should be a high-level decision to conduct a SAI PMF assessment, made by the Head of SAI. This builds on the principles that SAI PMF is a voluntary assessment tool, and that the end product, the SAI Performance Report, is the property of the SAI. It is important that the key decision on whether to initiate an assessment is accompanied by considerations of:

- *The purpose of the assessment*
- *When to conduct the assessment*
- *How to conduct the assessment*
- *If, when and how to publish the assessment report*

These decisions are the foundation for further planning of the assessment, and should be communicated within the SAI to ensure engagement in and ownership of the upcoming assessment.

Planning the Assessment

It is important to place sufficient emphasis on planning, to ensure that key questions are addressed before the actual assessment begins. An important consideration right at the beginning is what the main purpose(s) of the assessment is. This will have consequences for the other decisions that need to be made in the planning phase, which include assembling a qualified assessment team, defining the scope and the assessment approach, preparing the data collection and deciding on arrangements to ensure quality and a timeline for the assessment.

All these key decisions should be documented in the Terms of Reference (ToR) for the assessment. The ToR should be prepared by the assessment team, and agreed with the Head of the SAI. The ToR should also create a mutual understanding between the SAI and the assessment team of what the SAI can expect and how it needs to contribute to facilitate the assessment. It is important that the ToR identifies the key persons from the SAI who will assist or facilitate the team's effort, regardless of whether the assessment team is internal or external to the SAI. In addition, to establish the scope and methodology of the assessment, there should be a brief description and consideration of the SAI's core activities in relation to the topics in the framework, including an agreement of which indicators are suitable to measure audit activities. More guidance on this can be found below, under each domain in chapter 3, and in additional guidance documents.

The ToR also describes the required qualifications of the assessment team. It is important that there is sufficient knowledge about the SAI PMF framework and methodology amongst the team members. Likewise, the team's composition should ensure that the team has sufficient knowledge about and

experience from the SAI model and the audit and control activities being assessed, so that collectively, the team has the appropriate knowledge to understand how the SAI operates within its context.

How an assessment is conducted, and by whom, clearly depends on the purpose(s) of the assessment. The SAI PMF can be applied using different assessment approaches, and the framework is designed so it is equally applicable to all. The main assessment approaches are:

- a) a self-assessment by the SAI;
- b) a peer assessment by another SAI or INTOSAI body;
- c) an external assessment by consultants, donors, external auditors or other experts; or
- d) a hybrid assessment combining any of the other approaches.

When deciding on the approach, the SAI needs to consider aspects such as knowledge of the SAI PMF framework, working language within the SAI, the audit disciplines to be measured and the context the SAI operates within. An assessment requires a team with dedicated human and financial resources sufficient to carry out the assessment. If the SAI PMF is carried out as a peer review, ISSAI 5600 *Peer Review Guide* can provide helpful guidance on how to plan and organize such assessments.

Carrying Out the Assessment

Carrying out a SAI PMF assessment requires document review and interviews with SAI management and staff. If the assessment is carried out as a peer review or an external assessment, this work will normally be done through a 1-2 week field mission in the SAI that is being assessed, with preparations and follow-up as required. Before starting the fieldwork, it may be efficient to review some documents on the SAI's external environment, including the legal framework, in addition to some SAI internal documents. This would provide the assessment team with a good background for the fieldwork, as well as information on whom to interview and where to look for relevant information to score the different indicators. The scoring of the 25 indicators forms the basis for the qualitative assessment in the Performance Report and should be finalized before writing this section. Guidance on how to assess the indicators is found under each respective indicator in chapter 3.

The Performance Report should provide comprehensive information about the SAI's performance and give explanations for the scores provided. If the assessment is a repeat assessment, it will be useful to examine how performance has changed over time, including comparing indicator scores where possible.

Further considerations on methodology are presented below, as well as in additional guidance material.

Quality Management to Ensure a High-Quality Report

Ensuring the quality and objectivity of assessments is fundamental to producing a SAI Performance Report which correctly describes the SAIs and its activities and which adds value to the development efforts of the SAI. A high-quality assessment will contribute to acceptance of and trust in the results internally, while ensuring the credibility of the results in relation to external stakeholders where relevant.

Each individual assessment should consequently take measures to ensure a high-quality product. Regardless of approach, quality control and independent review should be planned, performed and disclosed to ensure proper quality of the assessment.

The quality control arrangements should cover review of working papers, work of the team, supervision and monitoring of progress. A suggested solution can be that the assessment team leader is responsible for the first level of quality control, while the second level of quality control of the draft report is conducted by managers or staff in the SAI, and/or potentially a donor organization, who have not been part of the assessment team. The quality control should include a check to verify the facts presented in the report and to ensure that issues have not been misinterpreted. In some assessments it is appropriate to use a third party with good knowledge of the country in question, to verify the context provided in the country background chapter.

It is strongly recommended that all SAI PMF reports are subject to an Independent Review of the report's adherence to SAI PMF methodology by an external and independent reviewer, certified as a quality assurance reviewer. Key objectives of the Independent Review are to ensure that the indicators and scores are applied correctly, based on sufficient and appropriate evidence, and that these elements support an analysis leading to valid conclusions. The IDI is the coordinator of the Independent Review function globally, and can provide support in identifying a certified reviewer from a pool of SAI PMF experts. Further guidance for quality arrangements can be found in additional SAI PMF guidance material.

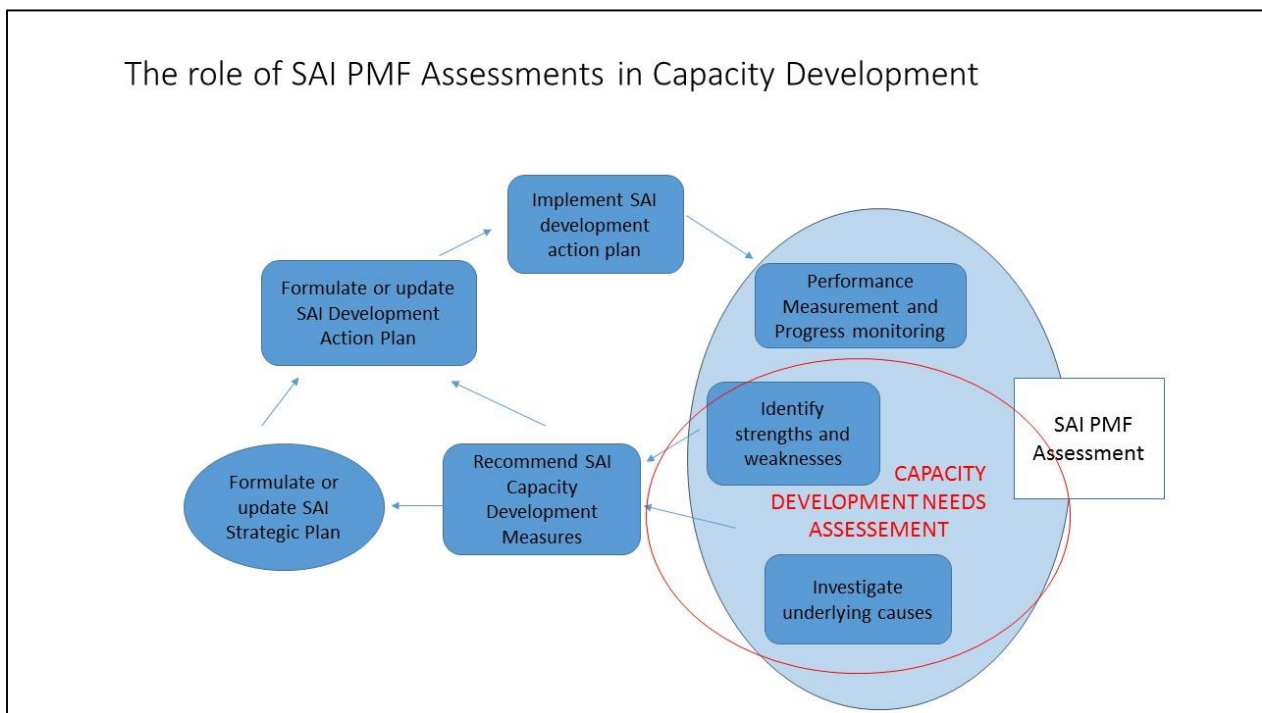
After the Assessment – Using the Results

The SAI PMF is not intended to produce a list of recommendations for future SAI capacity development activities. Instead, the SAI PMF provides a high-level overview of the SAI's performance, and provides a detailed assessment of its strengths and weaknesses and how these influence SAI performance.

When the report has been finalized, a short section in the report is written by the SAI management that reflects how the assessment results will be used.

Before future capacity development activities can be planned on the basis of the findings in the SAI PMF report, the SAI needs to consider its development priorities based on its available resources, internal and external support for change, and the appropriate sequencing of capacity development activities. The SAI may also wish to further examine the expectations of different stakeholders in determining its strategic priorities. The role of the SAI PMF in the capacity development process is summarized in the diagram below.

Diagram 2. Role of SAI PMF Assessment in SAI Capacity Development



Similarly, for SAIs wanting to identify performance indicators for internal performance management, a process is necessary to select indicators, considering alignment with strategic priorities and the appropriateness of the indicators.

Another major consideration for the SAI is whether to publish the report or not. This decision should be taken by the Head of the SAI. Before the decision is made, the potential benefits and risks of publication should be considered carefully. The choice also depends on the purpose of the assessment. If the SAI wishes to demonstrate accountability or show the impact of its work, publishing the report to a wider audience could be a sensible option. As the SAI PMF is a voluntary assessment and the Performance Report is the SAI's property, it must always be the choice of the SAI alone whether to publish or not, even if the assessment has been funded externally. There may be compelling reasons for an SAI not to publish the report. If an SAI considers that there are risks associated with publication, it should develop a plan to mitigate these risks.

1.6.2. An Evidence-Based Assessment

The SAI PMF assessment should be evidence-based, meaning that the descriptions and analyses in the report should be based on documented evidence.

The most important data-gathering methods used in a SAI PMF assessment are document review (including review of a sample of audit files) and interviews. Document review and audit file review are normally the main sources of evidence, while interviews may be used for clarifications and for acquiring information and context not provided in written documents. Information provided in interviews with

management and key staff members also provides useful context for understanding the organization and its systems and processes, but the information should be supported by documented evidence. In addition, observations and other approaches may be appropriate when assessing, for example, Domain F (measuring communication with stakeholders).

During the planning phase, assessors need to obtain an understanding of the SAI, including its organizational structure and core activities. To ensure an efficient assessment, assessors should obtain key documentation early in the process. In the planning phase, the assessment team should consider and define the following:

- Which methods should be used to gather and analyze evidence to assess the criteria and measure the indicators
- What data and evidence are needed
- What documentation needs to be collected in advance, and on site
- How to determine audit types to assess
- How to sample audit files
- Which meetings need to be arranged
- How the assessment should be conducted
- How the work and results should be documented
- How tasks should be allocated between team members according to competence

The SAI PMF report should be very clear on its sources of information. The report should clearly record the evidence that was used to support the scoring of each indicator and the facts in other parts of the report. The evidence can, for example, be listed in footnotes or at the back of the report. Being clear on sources of information will provide useful guidance for the conduct of future assessments, and ensure that scoring of indicators in future assessments is comparable to earlier assessments.

The assessment team should keep a work file that includes documents used in the assessment. This should include the gathered evidence, working papers used in the analysis process, drafts of the report and communication with the SAI and external stakeholders.

Further guidance is provided in additional guidance material.

1.6.3. Determining Audit Types to Assess

The indicators in Domain C on Audit Quality and Reporting make up a major part of the SAI PMF assessment. The domain presents a set of 13 indicators that measure the three audit disciplines – financial audit, performance audit and compliance audit (as they are identified by the ISSAIs) – as well as the main activity of SAIs with jurisdictional functions, that of jurisdictional control.

SAIs develop from different administrative traditions and operate in different environments. Therefore, audit activities may vary considerably between SAIs, either only in name, and/or in the way the audit activities are organized and what the audit involves. A key exercise for the assessment team prior to

fieldwork is therefore to determine what audit types to assess, and which indicators to apply.⁴ This is also crucial in order to obtain an appropriate sample of audit files to review. A mutual agreement must be reached with the SAI on what audit types will be reviewed as part of the assessment. This should be documented in the Terms of Reference, in order to align the expectations of the assessors and the SAI.

When deciding on which audit types to assess, the assessment team needs to evaluate the legal framework of the SAI to determine its mandate. As audit activities may be termed differently in different SAIs, the team should also consider the objectives, scope and results of the audit activities the SAI conducts in practice. For example, while an SAI may not issue a reasonable assurance based opinion on whether the information in a set of financial statements is free from material misstatement (the definition of financial audit in the ISSAIs), it may still be appropriate to assess the audit activity against the financial audit indicators. This should be done if the objective of the audit was to determine whether the entity's financial information was presented in accordance with the applicable financial reporting and regulatory framework.

Most SAIs conduct compliance audits in some form, from simple legality controls, to more advanced risk-based system audits. The names and scopes vary, but once again, the objective can help the assessors determine the audit type.

Textbox: Combinations of Audit Work – How to Treat Comprehensive Audits

Comprehensive audits

In several countries, SAIs combine different audit types in their audit engagements. If the SAI's standards/manuals combine more than one type of audit into a single engagement, the assessment team may decide to assess performance against different indicators based on the same sample of audit files. For example, an audit with both financial and compliance audit objectives could be used as part of the sample for scoring both the financial and compliance audit indicators. Nevertheless, the indicators should be separately scored.

Often SAIs that do comprehensive audits perform audits of compliance with financial regulations, rather than ISSAI-based financial audit (where the audit objective is to issue a reasonable assurance based opinion that a set of financial statements are prepared in accordance with the financial reporting framework). Such audits should not be assessed against the financial audit indicators. The sample of audits to assess the financial audit indicators should only be those where the SAI receives a set of financial statements and seeks to issue an opinion on whether the financial statements are free from material misstatement.

Some SAIs also outsource their financial audit work to the private sector or other auditors. In this case, the assessment team needs to consider whether such outsourced audits should lie within the scope of the assessment. Further guidance on this is provided under SAI-5 *Outsourced Audits*, SAI-8 (i) *Financial Audit Coverage*, and the section introducing the financial audit indicators in Domain C.

⁴ Please see Domain C for further introduction to the different audit types.

1.6.4. Sampling Audit Files to Review

Samples of audit files are necessary to assess the indicators in Domain C. To assess the quality of the audit work done by the SAI, the assessment team needs to review audits conducted by the SAI in the period under review. A sample of audit files, including all documentation relating to each type of audit/jurisdictional control, needs to be drawn for this purpose. The documentation to be reviewed includes planning documents, risk assessments, working papers, draft reports, communication with audited entities, quality control documentation, and the final reports for each audit.

In accordance with the decision on which audit types to review, a sample needs to be drawn for each audit type. The samples should be selected to cover the main audit activities the SAI has carried out within the time scope of the assessment, and address anticipated performance deviations. The sampled audit files should be selected randomly and independently by the assessment team. The sample should be stratified to cover different factors which might affect the quality of the audits, for example, different practices across the departments in the SAI, types of audited entities, locations such as headquarters versus regional offices.

The size of the sample may vary across the audit types. It is normally not necessary to select a sample which is statistically representative. As conducting a performance audit normally takes longer than conducting financial and compliance audits, the population to draw from for the period of review is likely to be smaller. As such, the sample of performance audits will often be smaller than the sample of financial and compliance audits. Similarly, regional or local offices or departments with specific responsibilities may also have limited activities, and this may affect the population size, and hence the sample size.

In cases where the SAI carries out different audit types in combination, for example through a comprehensive audit, the assessors need to consider whether to draw a separate sample for each type or whether to assess the same sample against the different indicators. The approach must be decided for each assessment depending on the context of the SAI. It can be helpful to consider the specifics of the audit processes to determine what approach is appropriate. It is important to record in the working papers and final assessment report which sample each dimension/indicator score is based on.

Further guidance is provided under Domain C and in additional SAI PMF guidance material.

2. Preparing the SAI Performance Report

This chapter aims to assist in the preparation of the SAI Performance Report (SAI-PR), which is the end product of an assessment based on the SAI PMF. It describes the desired content of the SAI-PR and how information should be presented in the report. It is complemented by the set of SAI performance indicators in chapter 3.

The SAI-PR aims to provide a comprehensive and integrated, evidence-based assessment of SAI performance. It is informed by the indicator-led analysis of the six domains (A – F). This evidence, and an understanding of the linkages between the domains, is used to assess the values and benefits of the SAI – how it contributes to strengthening accountability, transparency and integrity and how it demonstrates ongoing relevance. This analysis should be presented in the SAI-PR, together with relevant background information. The SAI-PR should also look at the SAI's recent and on-going reforms and the future prospects for reform, as well as development partners' use of SAI results.

The recommended structure of the SAI-PR is as follows:

Foreword

- a) Executive Summary**
- b) Quality Assurance Statement**
- c) Observations on the SAI's Performance and Impact**
 - (i) Integrated assessment of SAI performance
 - (ii) The value and benefits of Supreme Audit Institutions – making a difference to the lives of citizens
 - (iii) Analysis of the SAI's capacity development efforts and prospects for further improvement
- d) SAI Management Use of Assessment Results**

1. Introduction

2. Methodology

3. Country and SAI Background Information

- 3.1. Description of country governance arrangements and wider environment in which the SAI operates
- 3.2. Description of public sector budgetary environment and impact on SAI performance
- 3.3. Description of the SAI's legal and institutional framework, organizational structure and resources

4. Assessment of the SAI's Environment, Capability and Performance

Assessment against the six domains, with evidence based indicator scores

- 4.1. Domain A: Independence and Legal Framework
- 4.2. Domain B: Internal Governance and Ethics
- 4.3. Domain C: Audit Quality and Reporting
- 4.4. Domain D: Financial Management, Assets and Support Services
- 4.5. Domain E: Human Resources and Training
- 4.6. Domain F: Communication and Stakeholder Management

5. SAI Capacity and Organizational Development Process

- 5.1. Description of recent and on-going reforms
- 5.2. Use of SAI results by External Providers of Financial Support

Annex 1: Performance Indicator Summary & Tracking of Performance Over Time (where applicable)

Annex 2: Sources of Information & Evidence to Support Indicator Scoring

2.1. How to prepare the SAI-PR

The SAI-PR should be written on the basis of the indicator-led analysis of the SAI's performance within the six domains (A – F). In addition, information on country context, the SAI's institutional framework, organizational structure and development efforts should be presented and analyzed. The observations on the SAI's performance and impact should be the last section to be completed in the SAI-PR, since this is based on the information and analysis provided in the other sections.

It should come across clearly in the SAI-PR that the analysis and conclusions offered in section (c) *Observations on the SAI's Performance and Impact* are derived from the evidence presented in chapters 2 and 3 of the report. The performance assessment in this section offers a qualitative analysis, drawing different elements of the report together. The assessors should aim for consistency throughout the report.

2.2. The Contents of the SAI-PR

The rest of this section gives indications on the information the SAI-PR should provide and how it should be presented. It follows the structure of the SAI-PR as presented above.

Foreword

The foreword should be a very short statement on the assessment. It should mention that the assessment has been prepared on the basis of the SAI PMF, as well as indicate when the assessment took place.

a) Executive Summary

The executive summary should summarize the main findings of the assessment and be short (1-2 pages). It should present the storyline of the SAI's overall performance, strengths, challenges and prospects for further development. To a large degree it will be based on the analysis provided in section (c) of the SAI-PR, *Observations on the SAI's Performance and Impact*.

Recommended content of the executive summary:

- Reason for carrying out the SAI PMF and who the SAI-PR is intended for
- The assessors' overall judgement of the performance of the SAI, relative to the context in which it operates
- The main value and benefits of the SAI for citizens
- A summary of the maturity of the governance and public financial management environment in which the SAI operates, and the main ways this affects the SAI's ability to deliver value and benefits for citizens
- The main independence and resourcing challenges faced by the SAI, and how these constrain its performance, and impact on its audit coverage
- An assessment of how the SAI is performing regarding the quality of its audits and use of its reports: its audit standards and approach to ensuring quality; the audit process; the submission, publication

and follow-up of its audits (Domain C); and the wider dissemination and communication of its audit results (Domain F)

- An assessment of the underlying causes of weaknesses in performance measured in Domain C and identification of the main opportunities for strengthening performance – distinguishing between factors within and outside the SAI's control
- What reforms are planned or ongoing, and the assessors' view as to whether these are being planned and/or implemented in a way that will make them effective and lead to sustainable performance improvements

b) Quality Assurance Statement

Ensuring the quality and objectivity of assessments is fundamental to producing a SAI PMF assessment which adds value to the development efforts of the SAI. An important aspect of this is that the assessment is reviewed by someone who was not directly involved in the detailed assessment work, with the aim of ensuring that it is of sufficient quality. Being transparent about the nature and process of the quality arrangements is essential for the credibility of the assessment in the eyes of all stakeholders.

The Quality Assurance Statement confirms whether the assessment is considered to be of sufficient quality according to the demands of the SAI PMF framework.

The statements covers the affirmation that the assessment has been subject to sufficient quality management, including:

- Quality control internally in the SAI to verify that the facts as they are presented are correct
- Independent review of the assessment, to evaluate to what extent the SAI PMF methodology has been applied correctly, and that scoring and conclusions build on sufficient and relevant evidence

The statement also confirms whether matters raised through the quality management process have been addressed adequately for the assessment to be considered of satisfactory quality.

The quality assurance statement should be disclosed at the beginning of the SAI-PR and should record:

- i. Who prepared the assessment
- ii. Who provided quality assurance of the assessment
- iii. What their quality assurance responsibilities were (quality control, independent review, assurance of the quality management process following the assessment)
- iv. Whether matters raised in the process were addressed in the final report in a satisfactory manner

c) Observations on the SAI's Performance and Impact

Section (c) of the report aims to provide readers with an integrated and strategic picture of the SAI's performance, value and benefits to society, and prospects for further development. The objective is to give the reader of the report a better understanding of the SAI as a whole, within the environment in which it operates. The section should provide a high-level analysis of the SAI which brings together information from the rest of the assessment and places the SAI's performance in context. The section

should add value and go beyond summarizing the rest of the assessment. It is recommended that it consist of three sub-sections, as follows:

- **(i) Integrated Assessment of SAI Performance:** the assessors present what they identify as the key aspects of the SAI's performance as observed through the assessment, and analyse how different factors affect the performance positively and negatively.
- **(ii) The Value and Benefits of Supreme Audit Institutions – Making a Difference to the Lives of Citizens:** should give an assessment of the SAI's value and benefits – the extent to which its work has an impact on society. An analysis of the factors enabling or hampering strong impact by the SAI should also be included.
- **(iii) Analysis of the SAI's capacity development efforts and prospects for further improvement:** Should provide an analysis of the SAI's prospects for improvement in light of its capacity and organizational development efforts and institutional and political economy factors which may support or hamper capacity development.

The assessment should be based on information provided in the SAI-PR, including the indicator-led assessment of SAI performance. It may also be necessary to use some further sources of information. Further guidance on how to complete each sub-section is provided below.

(i) Integrated Assessment of SAI Performance

This part should provide answers to two questions:

- How is the SAI performing?
- ... and what explains this performance?

The analysis should identify the SAI's audit performance (strengths and weaknesses) as observed through the assessment, and then seek to explain that performance. The analysis should take as an input the detailed assessments in sections 2 and 3 of the SAI-PR, and analyse and record the way in which strengths and weaknesses in the SAI's organisational systems and professional capacity, its environment, institutional capacity, resources and finance support or hamper the SAI's audit performance. The analysis should pay particular attention to understanding challenges faced by the SAI in delivering its mandate, such as not being able to audit all entities in accordance with its mandated scope, frequency and in a timely manner. The focus here is on analyzing the linkages between the assessment of different domains, and not simply repeating the strengths and weaknesses identified in the body of the assessment.

An objective of the section is to provide clarity on the scope for performance improvements, by identifying to what degree SAI performance is constrained due to:

- factors that are directly under the SAI's control and which it can change in the short to medium term (e.g. audit methodology)
- institutional capacity, which the SAI can only seek to influence in the medium to long term (e.g. legal framework, resourcing)

- issues outside the SAI's control (e.g. the country's political system, economic situation)

Suggested approach for analysis

1. On the basis of the results of the SAI PMF assessment, the assessors will identify the most important strengths and weaknesses of the SAI in relation to:
 - Audit quality (Domain C)
 - Audit coverage (SAI-8)
 - Timeliness of submission and publication of audit/jurisdictional control results (SAI-11, SAI-14, SAI-17, SAI-20)
 - Follow-up of audit results (SAI-11, SAI-14, SAI-17, SAI-20)
2. As a next step, the assessment team will try to identify factors that may explain each of the identified elements of the SAI's performance, by looking at the results of the SAI PMF assessment. For the purpose of performance improvement, the assessment team should focus on explaining weak performance, but it may also be useful to analyze stronger areas to see if there is potential for learning.
3. When an explanatory factor has been identified, the team will look for deeper factors which may explain that particular factor. Such "root cause analysis" should continue until the team has identified what may be seen as the main underlying factor of each area of performance. Note that the causes for weak performance in auditing may often be found in areas that are not directly related to audit, for example in the SAI's organizational processes.
4. It is useful to group the underlying factors identified into categories (internal factors, institutional capacity, external factors).
5. Finally, the team will complete the section by writing down the results of the analysis, focusing on the most important performance findings and explanatory factors identified.

(ii) The Value and Benefits of Supreme Audit Institutions – Making a Difference to the Lives of Citizens

This section explores the value and benefits of the SAI by analyzing the impact of its work on the society in which it operates. In other words, it aims to show the broader implications of the findings of the SAI PMF assessment and provide an understanding of how the SAI's strengths and weaknesses matter for the country in question. The analysis should also identify enablers which support and constraints which hamper the SAI's impact.

The SAI's value and benefits can be grouped under three broad headings, consistent with ISSAI 12 *The Value and Benefits of SAIs – making a difference to the lives of citizens*.⁵

- **Strengthening the accountability, transparency and integrity of government and public sector entities** – through audit activities, reporting and publication of findings

⁵ Annex 3 demonstrates how the principles in ISSAI 12 are measured in the SAI PMF.

- **Demonstrating ongoing relevance to citizens, Parliaments and other stakeholders** – through being responsive to events and issues of concern in the country, using effective and proactive communication, and supporting change in government and public entities
- **Being a model organization through leading by example** – e.g. in good governance, transparency and accountability of SAI performance, in following ethical standards, in promoting a culture of quality and continual improvement, and in learning and knowledge sharing.

The section should not aim to examine the extent to which accountability, transparency and integrity of government and public sector entities are actually achieved as this is also dependent on the performance of other parts of the governance and public financial management environment. It should however give an assessment of the extent to which the SAI *contributes* towards these objectives. The section should also pay particular attention to the impact of the SAI not being able to deliver its mandate, such as not being able to audit all clients in accordance with its mandated scope, frequency and in a timely manner.

A key question the assessment team should aim to answer is: *what were the most relevant things the SAI did during the last couple of years, and what did they lead to?* The analysis should to the extent possible be based on concrete examples of the ways in which the SAI has made a difference to the lives of citizens.

The section should also be used to identify different factors that enable or constrain the value and benefits of the SAI. As with the analysis in section i), such factors can be internal and within the control of the SAI, like its communications and stakeholder relations efforts. They can be external, but still something the SAI can seek to influence, such as limitations to its independence and legal framework. Finally, they can be external and completely outside of the control of the SAI, like the country governance system and the PFM environment. Identifying whether the most important constraints to greater impact are within or outside of the control of the SAI helps it determine how to focus its efforts to improve the situation.

Potential sources of information

Information to enable the analysis in this section may be taken from the following sources:

- Findings and impact of specific audits, identified from the SAI's annual report, interviews with SAI representatives and other stakeholders, analysis of a sample of audit reports, and any in-country reports on the value and benefits of the SAI.
- Assessors' analysis based on the other sections of the SAI-PR.
- Analysis of the SAI's own performance against its strategic objectives, for example using performance measures such as financial and non-financial benefits and percentage of recommendations implemented (if applicable).
- Analysis of the impact of the SAI's recommendations: if data regarding the implementation of the SAI's recommendations is available, the proportion of the recommendations that are partially or fully implemented by the audited bodies would be an interesting figure to take into

consideration to assess the credibility and legitimacy of the SAI within its broader institutional environment.

- Any existing assessments of the country's governance environment and PFM system (e.g. reports from the World Bank, IMF, bilateral donors, OECD, Transparency International, International Budget Partnership, and PEFA assessments).

(iii) Analysis of the SAI's capacity development efforts and prospects for further improvement

This section should provide an analysis of the SAI's prospects for future performance improvements, based on the summary of ongoing and planned capacity development efforts provided in section 5 of the SAI-PR.

It should make an assessment of the SAI's approach to planning and implementing SAI capacity development initiatives. The following institutional factors are likely to be supportive of effective SAI capacity development⁶:

- **SAI leadership and ownership** of capacity development planning, implementation and monitoring, putting the SAI at the centre of change management activities.
- **Harmonisation and alignment** of support to the SAI from and between the INTOSAI and donor communities, ensuring that all support is aligned behind the same SAI-led plans and is properly coordinated between different providers of support.
- **Sustainability of capacity development** activities, including the extent to which the approach creates and uses experts from within the SAI and the INTOSAI region and allows auditors sufficient time to participate in capacity development activities; the sustainability and stability of funding of capacity development activities; the SAI's approach to simultaneously developing professional, organizational and institutional capacity; and its emphasis on building long-term cooperation that fosters trust and mutual understanding between development partners.

The SAI-PR should consider recent and ongoing experiences in relation to these factors, as well as other country specific factors. It should also provide an assessment of how country institutional and political economy factors are likely to support or hamper SAI capacity development. In addition, for aid-recipient countries, this section should analyze the way in which existing donor practices impact on the performance of the SAI.

The section, and the SAI PMF report as a whole, should not make recommendations for the future capacity development programme and should not include a judgement as to the adequacy, appropriateness and feasibility of the SAI's capacity development programme. Such considerations may be taken forward by the SAI in a separate, complementary process.

⁶ Please refer to "Good Practices in Supporting Supreme Audit Institutions", OECD (2011) for further information on capacity development of SAIs.

d) SAI Management Use of Assessment Results

This section should be used to record how the Head and senior management of the SAI intend to use the results of the assessment. Regardless of whether the assessment is performed as a self-assessment, INTOSAI-peer assessment or external assessment, this section should be prepared by the SAI. Ideally it should be part of the main report, but it can also be produced as a separate document. In practice, it will be the last section to be completed, since the SAI management should give their reaction to the whole SAI-PR.

Chapter 1. Introduction

The objective of the introduction to the SAI-PR is to present the context and the process by which it has been prepared, and to outline the scope of the assessment.

The indicative length of this section is one page. It should provide the following information:

- **Objective of the SAI-PR**, including why it has been undertaken at this time and its contribution to SAI capacity development activities.
- **Process of preparing the SAI-PR**, covering the decision to undertake an assessment, planning and implementing the assessment, preparing the assessment report and process for quality assurance. This section should explain whether the assessment has been performed as a self-assessment, INTOSAI peer assessment, external assessment or combination of these. It should also describe the roles and responsibilities of those involved (e.g. SAI, other country organizations, INTOSAI global and regional bodies, peer SAIs, donors, consultants), including how the assessment has been financed.
- **The scope of the assessment**, particularly in countries with complex institutional arrangements for public sector external audit, this section should clarify which organization is covered by the assessment, and if applicable, which parts of the organization. The section should also note which year(s) audits the assessment covers.

This section should also note any restrictions or expansions to the scope of the assessment compared to this guidance. Ideally, the SAI should decide before the SAI PMF is applied whether all indicators or not will be scored. Reasons for not scoring indicators have to do mainly with restrictions in the SAI's mandate. It is in general recommended to apply all indicators, as this will help create a more complete picture of the SAI's performance.

Chapter 2. Methodology

There should be a separate Methodology chapter in the SAI-PR. This chapter should explain:

- The methods used for collecting data
- Main information sources used
- How and to what extent interviews were conducted
- What audit files were sampled and how was the sample drawn
- How evidence was analyzed to score the indicators and draw conclusions on SAI performance

The methodology chapter should also raise any issues related to risks identified before or during the assessment, and the management of these. For example, this could include issues relating to evidence, and use of the 'No Score' methodology to any indicators, where the activity level of an SAI is low, or where documented information is difficult to obtain.

This chapter should mention the approach for developing Chapter 3 and issues related to evidence, such as lack of country assessments that can be used as sources.

Chapter 3. Country and SAI Background Information

The objective of this chapter is to provide information on the country whose SAI is being assessed, to allow sufficient understanding of the wider context to SAI performance, as well as the core characteristics of the SAI in that country. It is expected that the assessors will draw on secondary data, including existing assessments and analyses. Sources used must be referenced both in the text, and in the bibliography.

The information for this section can be drawn from World Bank, IMF and OECD databases and publications⁷, government budget documents, or other existing fiscal and expenditure policy analyses, including any recent Public Expenditure and Financial Accountability (PEFA) assessments. The chapter should limit itself to aspects necessary to inform the context in which the SAI functions:

3.1. Description of country governance arrangements and wider environment in which the SAI operates

- **Country context** covers economic and developmental characteristics of the country and other factors affecting it, including population, income level, poverty and education levels, growth rate, inflation, main development challenges, recent and ongoing conflicts and other drivers of fragility⁸, cultural issues, etc. These are issues that may affect what the SAI should focus its audits on, or determine SAI's ability to conduct its audits.
- **Country governance arrangements** aims at describing the broad institutional context in which the main stakeholders operate, including: political system, government structure (federal or unitary state, levels of government etc.), relationships between the Executive, Legislative and Judiciary and the nature and role of political parties and political competition; the role, capability and freedom of the media and civil society organizations; and formal and informal systems of state accountability to citizens. This section may also draw on governance analyses and indicators where available, and comment on the capability, responsiveness (to citizens) and accountability of the state. These aspects should be considered when analysing relationship, initiatives and results in communication with stakeholders, in section (c).

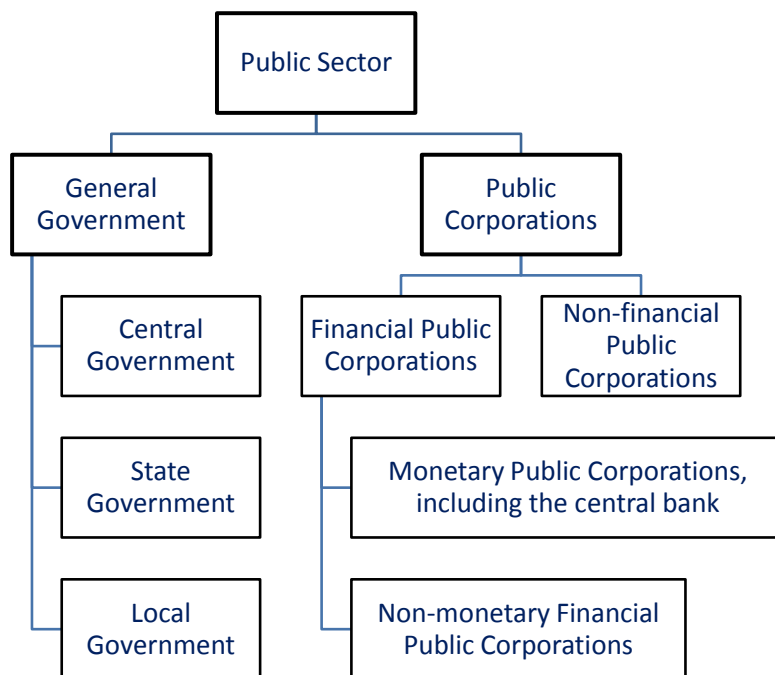
3.2. Description of public sector budgetary environment including public financial management and impact on SAI performance

⁷ E.g. Government at a Glance, OECD.

⁸ Including contestation over natural resource revenues

The purpose of this section is to provide an overview of the structure of the public sector and details of the public sector budget, including sources of revenue, expenditure by administrative or functional and economic classification, and levels of debt and investments. This informs the assessment of the SAI's ability to focus on the most significant government operations in the delivery of its mandate. A standardized classification of the structure of the public sector is provided below for information. The role of development partners for the country's public finances should be described where relevant, such as direct budget support. This section should also outline the audit arrangements for different parts of the public sector, noting the audit mandate(s) of the organization(s) covered by the assessment.

Diagram 3. Structure of the Public Sector⁹



Summary information should be provided on the budget of the whole public sector, specifically noting the total budgets of organizations falling within the mandate of the SAI and any other organization covered by the assessment. Information in the following form may be useful:

Budgeted or Actual Income and Expenditure by Administrative or Functional Classification (as a percentage of total budget or actual outturn)						
	FY1		FY2		FY3	
	Income	Expenditure	Income	Expenditure	Income	Expenditure
Health						
Education						
Defence						
Social Security						
Etc.						

⁹ Source: Government Financial Statistics Manual 2001, IMF.

This section should also provide a narrative description of key aspects of the public financial management (PFM) system which are of particular relevance to the functioning of the SAI. The SAI is reliant on inputs from that system, and on its outputs being used by others in that system. In the longer term the SAI can contribute to strengthening the PFM system by being a model organization and leading by example, but it is not responsible for the performance of other parts of the system. The performance of critical aspects of the PFM system should be mentioned, including how they impact on different aspects of SAI performance. The section should also summarize recent major PFM reform efforts. It is of particular importance to describe the financial reporting framework of the country's public sector, as this has implications for the scoring of the financial audit indicators of the SAI PMF. The following aspects of the PFM system (and possible information sources) could be covered, but this list is not exhaustive:

- Public procurement (PEFA PI-24¹⁰ and the OECD/DAC 'Methodology for Assessing Procurement Systems' (MAPS))
- Internal audit (PEFA PI-26)
- Annual financial reports (PEFA PI-29)
- External audit (PEFA PI-30)
- Legislative scrutiny of external audit reports (PEFA PI-31).

3.3. Description of the SAI's legal and institutional framework, organizational structure and resources

This section should provide background information specifically relevant to the SAI, including constitutional provisions for the SAI and Head of the SAI, and the legal framework governing the SAI. It should clarify whether the SAI follows the Legislative (Parliamentary), Jurisdictional (Court), or other model (e.g. hybrid), and whether it is governed by a single Head or a decision making body (e.g. board, judges).

This section should outline the main aspects of the SAI's mandate, including its responsibilities and the scope of its activities (these may in some cases include activities which lie outside the scope of public sector auditing as defined by the ISSAIs), and explain the SAI's organizational structure (including the size and location of major branch offices). The mandate of, and relationship with, other bodies responsible for the audit of the public sector should also be described, including areas of overlap, omissions, any SAI responsibility for oversight and regulation, and coordination arrangements.

It should also provide information on how the SAI is resourced and financed (including staff numbers and budgets), and if possible, objective information on whether the SAI's resources and finance are adequate to enable it to deliver its mandate. It should note the budget the SAI considers necessary to enable it to discharge its mandate, the amount requested from the body that sets its budget, the approved budgetary amount (original and any in year revisions) and the amount actually made available to the SAI (if different).

¹⁰ PEFA 2016 version. For guidance on relevant indicators to consider from PEFA assessments older than 2016, please consult the PEFA website/framework (www.pefa.org).

Finally, the section should explain who the SAI reports to, and the role of the Legislature, legislative committees and any other bodies in reviewing the SAI's reports, as well as the role of other institutions involved in the governance of the SAI. The functioning of the Legislature and its committees, the role of political parties and the nature of political competition should be assessed.

Chapter 4. Assessment of the SAI's Performance

The objective of this chapter is to provide an assessment of the key elements of SAI performance, as measured by the indicators, and (for repeat assessments) to report on performance changes.

The indicative length of this section is 30–40 pages. The structure of the section is as follows:

Assessment against the seven domains of SAI performance (evidence based indicator scores)

- 4.1. Domain A: Independence and Legal Framework
- 4.2. Domain B: Internal Governance and Ethics
- 4.3. Domain C: Audit Quality and Reporting
- 4.4. Domain D: Financial Management, Assets and Support Services
- 4.5. Domain E: Human Resources and Training
- 4.6. Domain F: Communication and Stakeholder Management

Each of the sections discusses the relevant indicators, in order. Discussion should distinguish between:

- Assessment of the present situation (the indicator-led analysis)
- Reporting on progress, where applicable (recent performance changes and reforms implemented since any previous assessment).

Reporting the indicator-led analysis

Reporting on the indicator-led analysis can be undertaken in the following manner:

- The text explains the main strengths and weaknesses of the SAI's performance as assessed by the indicator, and provides the overall indicator score. The text should also mention important, relevant performance matters observed which are not measured by the indicator.
- For each indicator dimension, the text explains the rationale for scoring at the specific level (0, 1, 2, 3, or 4) and the main evidence (including quantitative data) used to support the scoring. Any issues of timeliness or reliability of data or evidence are noted. If an indicator dimension is not scored, an explanation is provided (i.e. dimension not applicable).
- A table is provided to summarize the scoring by dimension and overall, along with a brief explanation of the scoring. For all dimensions it is easier to follow if it is noted which of the criteria are met and not. For repeat assessments, the table may also record the scoring and explanation from the previous assessment, and a note on performance change and other factors to be considered when comparing the indicator scores over time.

Repeat assessments: Reporting on Progress

For each indicator and indicator dimension, the report should capture the dynamics of reforms in the country. For repeat assessments, changes in dimension and indicator scores and explanations of these

will be apparent from the reporting on the indicator-led analysis. However, this may not fully capture the SAI's development. The narrative report should also note the following for each indicator:

1. Small improvements in SAI performance not captured by the indicators

For example, an improvement in the timeliness of submission of the SAI's compliance audit results to the appropriate authority from eight months after the year end to seven months after the year end (where no legal timeframe is established). The SAI still receives the score of 2, but its performance has improved.

2. Capacity development activities implemented but not yet impacted on SAI performance

For example, a performance audit unit has been created and a performance audit manual is being developed, but is not yet being used for performance audits. The reform should be noted in the performance report, even though it has not yet impacted on SAI performance.

Note that commitments to undertake specific capacity development activities in SAI strategic and development action plans (or similar) are not considered as evidence of performance improvements, but are considered in chapter 5 under *SAI Capacity Development Process*.

Use of Localized Performance Indicators

SAIs have different mandates and work under various conditions, making it challenging to develop a global measurement framework that includes all elements of capacity and performance relevant to all SAIs. The SAI PMF is based on common good practices shared by a large number of SAIs and captured in the ISSAIs and other international good practice guides. Where SAIs are mandated to invest significant resources in activities not captured within the SAI PMF, the assessor may consider it appropriate to develop and apply a small number of localized performance indicators. In such cases, good practice is to:

- Explain the rationale for any additional indicators
- Develop new indicators that follow the same structure as the SAI PMF indicators, rather than amending existing SAI PMF indicators
- Agree the indicator definition and minimum criteria for each dimension score before commencing the SAI PMF assessment
- Disclose the indicator definition and minimum criteria for each dimension score (e.g. in an annex to the SAI-PR)
- Include the indicator in the relevant domain in the performance report

Many SAIs have developed specific performance indicators to measure achievement of their strategic objectives. Such indicators can complement the picture of the individual strengths and weaknesses of the SAI and its performance changes over time, by focusing on performance against the SAI's own strategic priorities. Assessors should consider the merits of including such indicators in the SAI-PR. In doing so, factors to consider include whether the indicator and scoring system is defined, whether baselines and regular performance measures are available, and whether there is a defined and quality assured data collection process. Depending on the nature of the indicators, these could be included under the relevant domains, or in section (c) *Observations on the SAI's Performance and Impact*.

Chapter 5. SAI Capacity Development Process

This chapter aims to describe the recent progress made by the SAI in improving its performance, and ongoing capacity development initiatives.

The indicative length of this section is three to four pages. It should provide the following information.

5.1. Description of recent and on-going reforms

This section should summarize the most important recent and ongoing reforms to provide an overview of progress made by the SAI on its capacity development. It should include the different forms of support provided and their financing arrangements (including INTOSAI global and regional programmes, SAI peer-to-peer support, and donor supported programmes).

5.2. Use of SAI Results by External Providers of Financial Support

This section should provide a qualitative assessment of how external providers of financial support use the results of the SAI's audits to inform, assess and develop their own programmes and projects, and whether this enhances the SAI's credibility, capability and independence. It should also examine whether and how providers of support make use of the SAI to audit the projects and programmes they finance, whether this takes into account capacity constraints of the SAI, and whether it is done in a way that supports the further development of the SAI (such as joint audits). It should also examine mechanisms put in place to ensure audit of externally financed projects and programmes is not carried out at the expense of the SAI delivering its core audit mandate.

When financial support is disbursed for the government sector, national auditing procedures are used when the audit of the funds is carried out under the responsibility of the SAI in the recipient country. *Full use of country audit systems* means that external providers of financial support rely on the audit opinions and/or reports issued by the SAI (including any audit work outsourced and overseen by the SAI) on: the government's financial statements; compliance with rules, laws and regulations; and the economy, efficiency and effectiveness of government programmes. External providers of financial support should not make additional requirements for audit procedures on SAIs. Alternatively, *supplemental use of country audit systems* occurs when external providers of financial support use the country SAI to either conduct the audits itself or to outsource the audit work but require specific audits, and/or audits to be conducted in accordance with standards and procedures that differ from those normally used by the SAI¹¹.

In relation to Official Development Assistance, the 2006 and 2011 Paris Declaration surveys established criteria for determining whether development partners used national auditing procedures, including whether any additional audit arrangements were requested by development partners. The Paris Declaration survey considers "full use" of the SAI to entail that audit standards are not different than those adopted by the SAI and that the SAI should not need to revise its audit cycle to audit development partner funds. The content of this section should be informed by discussion with the SAI and major

¹¹ Adapted from 'Practitioners Guide to Using Country Systems', page 66, OECD.

development partners, as well as from existing assessments of development cooperation (i.e. Paris Declaration survey (Indicator 5a) and Busan Monitoring process (Indicator 9b)), highlighting the use of country systems.

Annex 1: Performance Indicator Summary & (where applicable) Tracking Performance over Time

This annex provides a summary table of the SAI performance indicators. For each indicator, the table specifies the scoring assigned along with a brief explanation for the scoring. For repeat assessments, it should also record the scoring and a brief explanation from the previous assessment, a note on performance change, and other factors to be considered when comparing the indicator scores over time.

Indicator	Current Assessment (Year)		Previous Assessment (Year)		Performance Change	Other Factors
	Score	Explanation	Score	Explanation		
SAI-1	Overall Dimension (i) Dimension (ii) Etc.	Explanation for the score	Overall Dimension (i) Dimension (ii) Etc.	Explanation for the score	Reasons for change in performance between the two assessments	E.g. problem or disagreement with previous score, factors impacting on comparability
SAI-2						

Annex 2: Sources of Information & Evidence to Support Indicator Scoring

This annex should record the specific sources of information and evidence used to support the scoring of each indicator. This will provide useful guidance for the conduct of future assessments, and ensure scoring of indicators in future assessments can be compared to earlier assessments.

3. The SAI Performance Indicator Set

3.1. Overview of Indicators Including Dimensions

Indicator	Page	Domain	Dimensions
	46	A. Independence and Legal Framework	
SAI-1	47	Independence of the SAI	(i) Appropriate and effective constitutional framework (ii) Financial independence/autonomy (iii) Organizational independence/autonomy (iv) Independence of the Head of SAI and its Officials
SAI-2	52	Mandate of the SAI	(i) Sufficiently broad mandate (ii) Access to information (iii) Right and obligation to report
	55	B. Internal Governance and Ethics	
SAI-3	57	Strategic Planning Cycle	(i) Content of the Strategic Plan (ii) Content of the Annual Plan/Operational Plan (iii) Organizational Planning Process (iv) Monitoring and Performance Reporting
SAI-4	61	Organizational Control Environment	(i) Internal Control Environment – Ethics, Integrity and Organizational Structure (ii) System of Internal Control (iii) Quality Control System (iv) Quality Assurance System
SAI-5	67	Outsourced Audits	(i) Process for Selection of Contracted Auditor (ii) Quality Control of Outsourced Audits (iii) Quality Assurance of Outsourced Audits
SAI-6	71	Leadership and Internal Communication	(i) Leadership (ii) Internal Communication
SAI-7	74	Overall Audit Planning	(i) Overall Audit Planning Process (ii) Overall Audit Plan Content
	76	C. Audit Quality and Reporting	
SAI-8	79	Audit Coverage	(i) Financial Audit Coverage (ii) Coverage, Selection and Objective of Performance Audit (iii) Coverage, Selection and Objective of Compliance Audit (iv) Coverage of Jurisdictional Control
SAI-9	87	Financial Audit Standards and Quality Management	(i) Financial Audit Standards and Policies (ii) Financial Audit Team Management and Skills (iii) Quality Control in Financial Audit
SAI-10	92	Financial Audit Process	(i) Planning Financial Audits (ii) Implementing Financial Audits (iii) Evaluating Audit Evidence, Concluding and Reporting in Financial Audits
SAI-11	97	Financial Audit Results	(i) Timely Submission of Financial Audit Results (ii) Timely Publication of Financial Audit Results

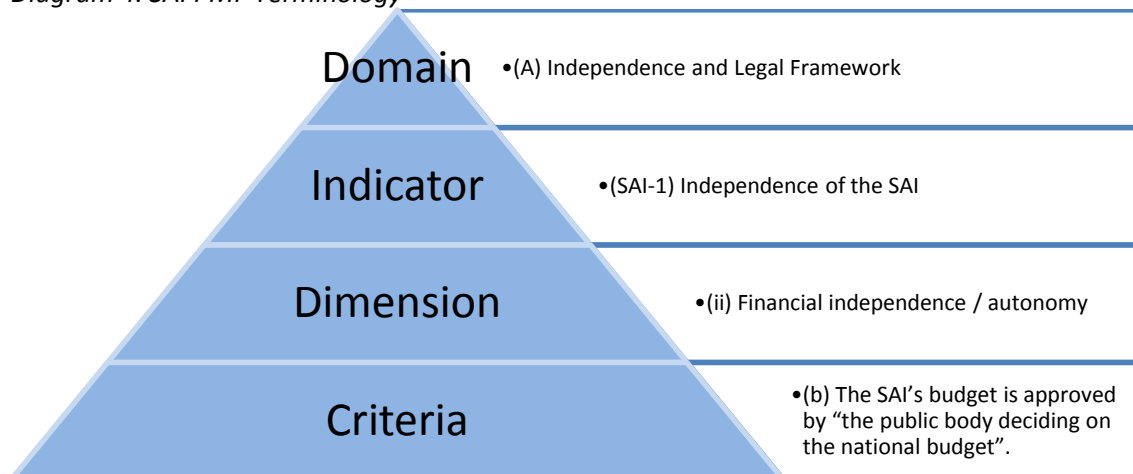
Indicator	Page	Domain	Dimensions
			(iii) SAI Follow-up on Implementation of Financial Audit Observations and Recommendations
SAI-12	102	Performance Audit Standards and Quality Management	(i) Performance Audit Standards and Policies (ii) Performance Audit Team Management and Skills (iii) Quality Control in Performance Audit
SAI-13	107	Performance Audit Process	(i) Planning Performance Audits (ii) Implementing Performance Audits (iii) Reporting on Performance Audits
SAI-14	112	Performance Audit Results	(i) Timely Submission of Performance Audit Reports (ii) Timely Publication of Performance Audit Reports (iii) SAI Follow-up on Implementation of Performance Audit Observations and Recommendations
SAI-15	117	Compliance Audit Standards and Quality Management	(i) Compliance Audit Standards and Policies (ii) Compliance Audit Team Management and Skills (iii) Quality Control in Compliance Audit
SAI-16	122	Compliance Audit Process	(i) Planning Compliance Audits (ii) Implementing Compliance Audits (iii) Evaluating Audit Evidence, Concluding and Reporting in Compliance Audits
SAI-17	126	Compliance Audit Results	(i) Timely Submission of Compliance Audit Results (ii) Timely Publication of Compliance Audit Results (iii) SAI Follow-up on Implementation of Compliance Audit Observations and Recommendations
SAI-18	130	Jurisdictional Control Standards and Quality Management <i>(for SAs with Jurisdictional Functions)</i>	(i) Jurisdictional Control Standards and Policies (ii) Jurisdictional Control Team Management and Skills (iii) Quality Control of Jurisdictional Controls
SAI-19	133	Jurisdictional Control Process <i>(for SAs with Jurisdictional Functions)</i>	(i) Planning Jurisdictional Controls (ii) Implementing Jurisdictional Controls (iii) Decision-making Process During Jurisdictional Controls (iv) Final Decision of Jurisdictional Controls
SAI-20	136	Results of Jurisdictional Controls <i>(for SAs with Jurisdictional Functions)</i>	(i) Notification of Decisions Relating to Jurisdictional Control (ii) Publication of Decisions Relating to Jurisdictional Control (iii) Follow-up by the SAI on the Implementation of Decisions Relating to Jurisdictional Control
	138	D. Financial Management, Assets and Support Services	
SAI-21	139	Financial Management, Assets and Support Services	(i) Financial Management (ii) Planning and Effective Use of Assets and Infrastructure (iii) Administrative Support Services
	142	E. Human Resources and Training	
SAI-22	144	Human Resource Management	(i) Human Resources Function (ii) Human Resources Strategy (iii) Human Resources Recruitment (iv) Remuneration, Promotion and Staff Welfare

Indicator	Page	Domain	Dimensions
SAI-23	147	Professional Development and Training	(i) Plans and Processes for Professional Development and Training (ii) Financial Audit Professional Development and Training (iii) Performance Audit Professional Development and Training (iv) Compliance Audit Professional Development and Training
	151	F. Communication and Stakeholder Management	
SAI-24	152	Communication with the Legislature, Executive and Judiciary	(i) Communications Strategy (ii) Good Practice Regarding Communication with the Legislature (iii) Good Practice Regarding Communication with the Executive (iv) Good Practice Regarding Communication with the Judiciary, Prosecuting and Investigating Agencies
SAI-25	156	Communication with the Media, Citizens and Civil Society Organizations	(i) Good Practice Regarding Communication with the Media (ii) Good Practice Regarding Communication with Citizens and Civil Society Organizations

3.2. Scoring Methodology

The SAI PMF consists of 6 domains. Each of these contains a number of indicators, 25 in total, including three indicators for SAIs with jurisdictional functions. The indicators each consist of between two and four dimensions, which again may contain several criteria. An illustration of how the indicator system is built up is presented in diagram 4 below.

Diagram 4. SAI PMF Terminology



3.2.1. Scoring of Dimensions

Guidance for how to assess each indicator is provided below. Scoring of each dimension follows a set score formula, developed according to the number and relative importance of the criteria listed. The score of each dimension provides the basis for the scoring of each indicator (see 3.2.3).

Reading the Criteria

In many cases, the criteria are taken directly from the ISSAIs or other international good practice and the relevant reference is provided in italics after the criteria, e.g. *ISSAI 1:5* refers to ISSAI 1, the Lima Declaration, section 5; *ISSAI 10:8* refers to ISSAI 10, the Mexico Declaration principle 8; *ISSAI 40:pg 8* refers to ISSAI 40 Quality Control for SAIs, page 8; and *ISSAI 100:39* refers to ISSAI 100 Fundamental Principles of Public Sector Auditing, section 39.

Criteria that are direct quotations are indicated by quotation marks ["..."]. Some criteria are not taken directly from the ISSAIs (for example, SAI-13 (i) on timeliness of audit reporting). However, these reflect concepts in the ISSAIs which cannot be utilized directly as criteria. In such cases, the SAI PMF Task Team have developed the criteria, and the majority were tested in the SAI PMF Pilot Version. Such criteria are referenced "SAI PMF Task Team". In other cases, the criteria is derived from a referenced document, but is not a direct quote.

In most criteria, specific words are underlined. This is intended as a reading aid to the assessors to identify key words, but all aspects of criteria must still be assessed when determining whether each is met.

As a rule, all criteria in a dimension should be assessed. However, for certain criteria assessors may have to consider the appropriateness of the criteria in the context of the SAI in question. To indicate that this may be the case, some criteria contain the terms ‘where appropriate’ or ‘where relevant’. However, these criteria are of equal importance to the others. For more information on criteria considered to be ‘not applicable’, see section 3.2.4 *No Score Methodology*.

3.2.2. Scoring Levels

Indicators and dimensions are scored using a numerical scale from 0 to 4, where 0 is the lowest level, and 4 is the highest. Scores broadly correspond to the level of development in the area measured by the indicator in keeping with the practices of INTOSAI capability models.¹² The SAI PMF does not provide an aggregated score for the sum of the SAI’s activities like some other tools do. The level of development and hence the scores, may vary widely across the SAI’s activities. The indicator score levels 0-4 reflect the level of development for the different activities as described below:

Score 0: The feature is not established or barely functions

There is no activity or function, or the particular feature only exists in name.

Score 1: The founding level

The feature exists, but is very basic. For example, an SAI is conducting performance audits, but these are so irregular that a systematic approach, and accumulated experience and knowledge have not been obtained, and this is reflected in the quality of the work.

Score 2: The development level

The feature exists and the SAI has begun developing and implementing relevant strategies and policies, but these are not complete and are not regularly implemented. For example, the SAI may have a strategic and development action plan, a human resource strategy and a communications strategy. However, if these are weak and/or only partially implemented, this will be reflected in the score.

Score 3: The established level

The feature is functioning broadly as expected under the ISSAIs (levels 1-3). Under Domain C, this would mean that compliance, financial and performance audit are all undertaken broadly following the principles in level 3 in the ISSAI framework. A large proportion of the financial statements received are subject to financial audit. Audit reports give a holistic view on the use of all public resources and on the performance of audited bodies. The majority of audit reports are published in a format that is appropriate for the intended audience.

Score 4: The managed level

The feature is functioning following the principles in the ISSAIs (levels 1-3) and the SAI implements the activities in a way that enables it to evaluate and continually improve its performance. For Domain C, compliance, financial and performance audits are all undertaken following the principles at level 3 in the ISSAI framework and are seen as adding value by audit clients. In addition, the SAI has undertaken an

¹² For example the AFROSAI-E Institutional Capacity Building Framework (ICBF).

independent review of its audit practices, for example using the ISSAI Compliance Assessment Tool (iCAT), confirming that the SAI's audit practices comply with level-4 ISSAIs.

It is also important to point out that even with a top score, it should also be evident that the SAI is making efforts to maintain this level of performance. This could be described in the narrative, and drawn into the performance analysis.

3.2.3. Aggregating Indicator Scores

Each of the dimensions in an indicator must be assessed separately to produce the scoring for the indicator as a whole. The overall score for an indicator is calculated by using conversion tables, which are presented below. There are separate conversion tables for indicators with two, three or four dimensions respectively. The conversion tables are based on averaging the scores of the separate dimensions.¹³

The steps in determining the overall indicator score are the following:

- 1) Identify the appropriate section of the conversion table, depending on the number of dimensions of the indicator you are scoring.
- 2) Sort the dimension scores you have given in ascending order (0, 1, 2, etc.).
- 3) Identify the line in the table that matches the combination of scores you have given.
- 4) Pick the corresponding overall score for the indicator.

3.2.4. No Score Methodology

In some cases it may be impossible to score an indicator or a dimension¹⁴:

a) Not Applicable (NA)

An indicator or a dimension can be scored "NA". This is most likely to occur when an SAI does not have a mandate to carry out the feature measured by the indicator or dimension in question. The mandate of the SAI is measured in Domain A, and a low score will be given there if the mandate is not consistent with good practice. Domains B – F may be rated "NA" when non-mandated activities are measured, or where the aspect which is measured is not relevant to the SAI (e.g. outsourcing of audit work).

Other cases include if insufficient information is available to score an indicator or dimension, or the required information is not something the SAI might be expected to have in place. An example of such a case is in Domain E on Human Resources, where it might be difficult to obtain documentation on specific recruitment processes because of the sensitivity of the information. Another example is if documents were lost in a fire or similar. If, on the other hand, the SAI is not able to provide information which one would expect it to have in place, the criterion should be considered not met, and not NA. Examples of such cases are if the SAI does not have a strategic plan, a budget for a specific audit, or a relevant audit manual.

¹³ The method similar to what the PEFA framework calls Method 2 (M2).

¹⁴ The no score methodology is largely adapted from the PEFA framework, where it applies to dimensions that are not applicable.

Ideally, it should be decided before the assessment commences which indicators or dimensions should be considered Not Applicable, and this should be recorded in the Terms of Reference.

b) Scoring and Aggregating Scores in “No Score” Cases

If a *dimension* is rated NA, the overall indicator score should be calculated by *not* counting the dimension in question, i.e. use the conversion table which only contains as many dimensions as you have scored. For example, if the dimension scores of a three-dimensional indicator are 1, 3 and NA, use the conversion table for two-dimensional indicators. If more than one dimension is rated NA, the overall indicator should be rated NA.

If a *criterion* within a dimension is rated NA, one should consider the criterion as met when counting the number of fulfilled criteria in a list. For example, if all criteria are met except one which could not be rated, the top score (“All criteria are met”) should be applied. If more than two criteria are rated NA, the overall dimension should as a rule be rated NA, subject to exceptions explained below. If no criteria within the dimension are met and one or more criteria are rated NA, the dimension score should be 0. In cases where the impact of NA scores seems to significantly increase the dimension score to a level that seems inappropriate, the assessors may apply their professional judgment and rate the indicator as NA instead of giving it a misleading score. Also, in cases where the dimensions have many criteria (for example, audit dimensions where there can be at least eight and up to 19 criteria), assessors should consider awarding a dimension score, even if the number of criteria rated NA is more than two. In such cases, assessors need to use their professional judgment.

3.2.5. Conversion Tables for Scoring Indicators

Scores for individual dimension		Overall score
2-dimensional indicators		
0	0	0
0	1	0
0	2	1
0	3	1
0	4	2
1	1	1
1	2	1
1	3	2
1	4	2
2	2	2
2	3	2
2	4	3
3	3	3
3	4	3
4	4	4

Scores for individual dimension			Overall score
3-dimensional indicators			
0	0	0	0
0	0	1	0
0	0	2	1
0	0	3	1
0	0	4	1
0	1	1	1
0	1	2	1
0	1	3	1
0	1	4	2
0	2	2	1
0	2	3	2
0	2	4	2
0	3	3	2
0	3	4	2
0	4	4	2
1	1	1	1
1	1	2	1
1	1	3	2
1	1	4	2
1	2	2	2
1	2	3	2
1	2	4	2
1	3	3	2
1	3	4	3
1	4	4	3
2	2	2	2
2	2	3	2
2	2	4	3
2	3	3	3
2	3	4	3
2	4	4	3
3	3	3	3
3	3	4	3
3	4	4	4
4	4	4	4

Scores for individual dimension				Overall score
4-dimensional indicators				
0	0	0	0	0
0	0	0	1	0
0	0	0	2	0
0	0	0	3	1
0	0	0	4	1
0	0	1	1	0
0	0	1	2	1
0	0	1	3	1
0	0	1	4	1
0	0	2	2	1
0	0	2	3	1
0	0	2	4	1
0	0	3	3	1
0	0	3	4	2
0	0	4	4	2
0	1	1	1	1
0	1	1	2	1
0	1	1	3	1
0	1	1	4	1
0	1	2	2	1
0	1	2	3	1
0	1	2	4	2
0	1	3	3	2
0	1	3	4	2
0	1	4	4	2
0	2	2	2	1
0	2	2	3	2
0	2	2	4	2
0	2	3	3	2
0	2	3	4	2
0	2	4	4	2
0	3	3	3	2
0	3	3	4	2
0	3	4	4	2
0	4	4	4	2

Scores for individual dimension				Overall score
4-dimensional indicators				
1	1	1	1	1
1	1	1	2	1
1	1	1	3	1
1	1	1	4	2
1	1	2	2	1
1	1	2	3	2
1	1	2	4	2
1	1	3	3	2
1	1	3	4	2
1	1	4	4	2
1	2	2	2	2
1	2	2	3	2
1	2	2	4	2
1	2	3	3	2
1	2	3	4	2
1	2	4	4	3
1	3	3	3	2
1	3	3	4	3
1	3	4	4	3
1	4	4	4	3
2	2	2	2	2
2	2	2	3	2
2	2	2	4	2
2	2	3	3	2
2	2	3	4	3
2	2	4	4	3
2	3	3	3	3
2	3	3	4	3
2	3	4	4	3
2	4	4	4	3
3	3	3	3	3
3	3	3	4	3
3	3	4	4	3
3	4	4	4	4
4	4	4	4	4

3.3. Indicators

Domain A: Independence and Legal Framework

Domain A covers the legal mandate of the SAI and its independence. The purpose of the domain is to consider the institutional basis for the SAI's operations, to support the understanding how the SAI performs as an organization. It is recognized that the SAI's independence and legal framework are not directly under the control of the SAI itself. The legal framework is decided by other state powers. The domain has nevertheless been included in the SAI PMF because the SAI's independence and legal framework significantly contributes to its effectiveness. SAIs may also seek to influence any constraints deriving from limitations in its mandate or independence.

ISSAI 1 (the Lima Declaration) and ISSAI 10 (the Mexico Declaration on SAI Independence) are the main sources of best practice for this domain. ISSAI 1 establishes the importance of independent SAIs, and ISSAI 10 provides more detail. It states that the SAI shall enjoy financial and organizational independence, and that the independence of the Head of the SAI should be ensured, including security of tenure and legal immunity in the normal discharge of their duties. Furthermore, the SAI should be free from direction or interference from the Legislature or the Executive in the discharge of its functions, including obtaining information and reporting on its work. These are important prerequisites for the functioning of SAIs, although the mechanisms for execution of these functions can vary according to SAI model and country context. For example, SAIs with jurisdictional functions are characterized by their "equidistance" from the Legislature and the Executive: they are as independent from the Legislature as they are from the Executive.

Performance Indicators:

SAI-1: Independence of the SAI

SAI-2: Mandate of the SAI

Link to other domains

The results in Domain A can affect the results of and ability to assess other indicators. Lack of organizational independence may constrain the recruitment practices, measured under Domain E. If that is the case, relevant criteria or dimensions may not be applicable, and should be scored accordingly. Similarly, an SAI should not be penalized if the assessment of SAI-2 shows that it is limited in its audit mandate. This will have consequences for the scoring of indicators in Domain C.

SAI-1: Independence of the SAI

The importance of an objective Supreme Audit Institution which operates in an effective manner, lies at the heart of measuring independence. According to ISSAI 1, this can only be achieved if the SAI is independent of the audited entity and is protected against outside influence. SAI-1 measures the degree of independence enjoyed by the SAI, by assessing the key aspects of independence as identified by INTOSAI members themselves, through the Lima Declaration (ISSAI 1) and the Mexico Declaration (ISSAI 10).

The foundation for the SAI's existence needs to be recognized in the state's legal framework, and the SAI's independence should be guaranteed even in the Constitution. The Lima Declaration highlights that the SAI's establishment should be anchored in the country's supreme law to ensure the appropriate sustainability and authority of the organization: "The establishment of Supreme Audit Institutions and the necessary degree of their independence shall be laid down in the Constitution; details may be set out in legislation." (ISSAI 1:5).

The legal framework should provide for the SAI to act independently, without the real or perceived risk of being influenced by the Executive or other entities. The Lima and Mexico Declarations identify financial independence, operational autonomy and an independent Head of SAI as a minimum to obtain this level of independence. These aspects should be reflected in the legal framework, as well as in the practice of the SAI.

The Lima Declaration specifies that "the independence of Supreme Audit Institutions provided under the Constitution and law also guarantees a very high degree of initiative and autonomy, even when they act as an agent of Parliament and perform audits on its instructions". The relationship between the Supreme Audit Institution and Parliament shall be laid down in the Constitution according to the conditions and requirements of each country. On the other hand, the Lima Declaration also states that "Supreme Audit Institutions audit the activities of the government, its administrative authorities and other subordinate institutions". Under the Jurisdictional Model, the SAI forms part of the jurisdictional system and operates independent and with equal distance from the Executive and the Legislature. SAIs with jurisdictional functions are comprised of magistrates that form judgments on the use of public funds by government officials. Government officials are held personally and financially responsible for the sums involved in all unauthorized or illegal transactions. Hence, the SAI can request that monies paid out unduly or not collected by a public body are recovered through a procedure called judging of the accounts. The managers are held responsible in front of a Disciplinary Court.

Suggested assessment approach

While the main focus of the indicator is on what is written in the legal framework (*de jure*), some criteria also relate to the implementation of the legal provisions in practice (*de facto*). Both aspects are important when assessing the SAI's independence.

SAI-1 assesses the Constitution and the more detailed legal framework of the SAI. Some countries have a separate law for the SAI. In other countries, the functions and responsibilities of the SAI are included in

laws on public audit and/or public financial management. These laws may also cover the functions of other government bodies. In some cases, the functions of the SAI can be addressed in several laws. When assessing the dimensions, it is therefore important to be aware of and take into account all relevant components of the SAI's legal framework.

Dimensions to be assessed:

- (i) Appropriate and Effective Constitutional Framework
- (ii) Financial Independence / Autonomy
- (iii) Organisational Independence / Autonomy
- (iv) Independence of the Head of SAI and its Officials

(i) Appropriate and Effective Constitutional Framework: This dimension measures how the SAI is described in the country's constitution. In this regard, it is important to emphasize that in some countries the constitution is not a single codified document. Professional judgment is thus required when deciding on which legal sources to rely on for the assessment of the dimension. The key point is that the basic features of an SAI's independence and mandate should be entrenched in the legal framework, i.e. within laws that have sufficient protection against being repealed. For example, a law that can be repealed solely on a majority vote in a single house of the Legislature is not considered as entrenched in the legal framework.

(ii) Financial Independence / Autonomy examines the SAI's financial independence. SAIs should have available, necessary and reasonable resources, and should manage their own budgets without interference or control from the Executive. This independence should encompass the whole budget process, meaning that the Executive should not unduly interfere with the SAI's budget proposal, and after the budget has been adopted by the Legislature, it should not control the allocated means, for example by hindering the disbursement of resources.

(iii) Organizational Independence/Autonomy: In order to fulfil their mandate effectively, SAIs need to enjoy autonomy in the organization and management of their offices. This means they should be able to manage their organizations and organize and plan their activities without interference from executive bodies, including managing human resources.

(iv) Independence of the Head of the SAI and its members: The conditions for appointment of the Head of the SAI (and members of collegial institutions where relevant) should be specified in legislation. Their independence can only be ensured if they are given appointments with sufficiently long and fixed terms and if appointments and cessation of functions happens through a process that ensures their independence (ISSAI 10:2). This allows them to carry out their mandate without fear of retaliation. Any re-appointment where this is applicable and in accordance with the law, should take place in the same independent and transparent manner.

The term "Head of SAI" refers to those who are responsible for the SAI's decision-making. Who this is in practice depends on the model of the SAI. For many institutions, such as SAIs with jurisdictional functions, decisions are made collectively by a number of members. In this context, "members are

defined as those persons who have to make the decisions for the Supreme Audit Institution and are answerable for these decisions to third parties, that is, the members of a decision-making collegiate body or the head of a monocratically organised Supreme Audit Institution.” (ISSAI 1:6)

SAI-1 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Appropriate and effective constitutional framework	
<p>a) “The <u>establishment</u> of Supreme Audit Institutions (...) shall be laid down in the <u>Constitution</u>; details [including the role, powers and duties of the SAI] may be set out in legislation.” <i>ISSAI 1:5. See also ISSAI 1:18.</i></p> <p>b) The SAI’s “(...) <u>independence</u> shall be laid down in the Constitution (...)” <i>ISSAI 1:5</i></p> <p>c) “The independence of Supreme Audit Institutions provided under the Constitution and law also guarantees a very high degree of <u>initiative and autonomy</u> (...)” <i>ISSAI 1:8</i></p> <p>d) The appointment, term, cessation of functions of the <u>Head of the SAI</u> (and members, in the case of collegiate bodies) and the independence of their decision making powers are guaranteed in the Constitution. <i>ISSAI 1:6, ISSAI 10:2.</i></p> <p>e) There is “adequate <u>legal protection</u> by a supreme court against any interference with a SAI’s independence”. <i>ISSAI 1:5.</i></p> <p>f) “SAIs should <u>report</u> on any matters that may affect their <u>ability to perform</u> their work in accordance with their mandates and/or the legislative framework.” <i>ISSAI 12:1</i></p> <p>g) “SAIs should <u>strive to promote, secure and maintain</u> an appropriate and effective constitutional, statutory or legal framework.” <i>ISSAI 12:1</i></p> <p>Score = 4: All the criteria above are in place. Score = 3: Criteria (a), (b) and at least three of the other criteria above are in place. Score = 2: Criteria (a), (b) and at least one of the other criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 1</p> <p>ISSAI 10</p> <p>ISSAI 12</p>
Dimension (ii) Financial Independence / Autonomy	
<p>a) The legal framework explicitly or implicitly provides for the SAI’s <u>financial independence</u> from the executive. <i>ISSAI 1:7</i></p> <p>b) The SAI’s <u>budget is approved</u> by “the public body deciding on the national budget”. <i>ISSAI 1:7</i></p> <p>c) The SAI is free to <u>propose its budget</u> to the public body deciding on the national budget without interference from the executive. <i>ISSAI 10:8.</i></p> <p>d) The SAI “shall be entitled to <u>use the funds</u> allotted to them under a separate budget heading as they see fit”. <i>ISSAI 1:7</i></p> <p>e) After the SAI’s budget has been approved by the Legislature, the Executive (e.g. the Ministry of Finance) should <u>not control the SAI’s access</u> to these resources. <i>ISSAI 10:8</i></p> <p>f) The SAI has “the <u>right of direct appeal</u> to the Legislature if the resources provided are insufficient to allow [it] to fulfil [its] mandate.” <i>ISSAI 10:8</i></p> <p>g) During the past 3 years there have been <u>no cases of undue interference</u> from the Executive regarding the SAI’s budget proposal or access to financial resources. <i>ISSAI 10:8</i></p> <p>Score = 4: All of the above criteria are in place.</p>	<p>ISSAI 1</p> <p>ISSAI 10</p>

SAI-1 Dimension & Minimum Criteria for Dimension Score	Key references
<p>Score = 3: Criteria (a), (f), (g) and at least two of the other criteria above are in place.</p> <p>Score = 2: Criterion (a) and at least two of the other criteria above are in place.</p> <p>Score = 1: At least one of the criteria above is in place.</p> <p>Score = 0: None of the criteria above are in place.</p>	
Dimension (iii) Organizational Independence / Autonomy	
<p>a) The legal framework ensures that the SAI has “(...) the functional and <u>organizational independence</u> required to accomplish [its] tasks.” <i>ISSAI 1:5</i></p> <p>b) In practice, the SAI is “<u>free from direction or interference</u> from the Legislature or the Executive in the (...) organization and management of [its] office.” <i>ISSAI 10:3</i></p> <p>c) The SAI has the power to <u>determine its own rules and procedures</u> for managing business and for fulfilling its mandate, consistent with relevant rules affecting other public bodies. <i>ISSAI 10:8, ISSAI 20:6.</i></p> <p>d) The Head of SAI is free to independently <u>decide on all human resource matters</u>, including appointments of staff and establishment of their terms and conditions, constrained only by staffing and/or budgetary frameworks approved by the Legislature. <i>ISSAI 10:8</i></p> <p>e) The relationship between the SAI and the <u>Legislature and also the Executive</u> is clearly defined in the legal framework. <i>ISSAI 1:8,9</i></p> <p>f) The legal framework “(...) provides for accountability and transparency [by covering] the <u>oversight of the SAI’s activities</u> (...)” <i>ISSAI 20:1</i></p> <p>g) The SAI is entitled to call on and pay for <u>external expertise</u> as necessary. <i>ISSAI 1:14</i></p> <p>Score = 4: All of the above criteria are in place.</p> <p>Score = 3: Criterion (b) and at least four of the other criteria above are in place.</p> <p>Score = 2: At least three of the criteria above are in place.</p> <p>Score = 1: At least one of the criteria above is in place.</p> <p>Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 1</p> <p>ISSAI 10</p> <p>ISSAI 20</p>
Dimension (iv) Independence of the Head of the SAI and its members	
<p>a) “The applicable legislation specifies the <u>conditions for appointments, reappointments, [and] removal</u> (...) of the Head of the SAI, and [where relevant] members of collegial institutions (...) by a process that ensures their independence (...)” <i>ISSAI 10:2 (E.g. with the approval of the Legislature, and where relevant, the Head of State; removal only for just cause / impeachment, similar protections to those that apply to a High Court Judge).</i></p> <p>b) “(...) the head of SAI, and [where relevant] members of collegial institutions [are] given appointments [and re-appointments] with <u>sufficiently long and fixed terms</u>, to allow them to carry out their mandates without fear of retaliation.” <i>ISSAI 10:2</i></p> <p>c) “The Head of SAI and [where relevant] members of collegial institutions are (...) <u>immune to any prosecution</u> for any act (...) that results from the normal discharge of their duties.” <i>ISSAI 10:2 (I.e. the SAI / Head of SAI cannot be sued for expressing audit opinions. This criterion is considered met if the legislation states that the Head of the SAI shall not be subject to the direction or control of any other authority when carrying out their functions as prescribed by law.)</i></p> <p>d) Within the past 3 years, there have been <u>no periods longer than 3 months</u> during which there has been no properly appointed Head with tenure. <i>SAI PMF Task Team.</i></p>	<p>ISSAI 1</p> <p>ISSAI 10</p>

SAI-1 Dimension & Minimum Criteria for Dimension Score	Key references
<p>e) <u>The last appointment</u> [or re-appointment] of the Head of the SAI was done through a transparent process that ensured his/her independence. <i>ISSAI 10:2, SAI PMF Task Team.</i></p> <p>f) During the last 3 years there have been <u>no cases</u> where the Head of the SAI (or where relevant) members of collegial institutions were <u>removed</u> through an unlawful act or in a way that compromised the SAI's independence. <i>ISSAI 10:2, SAI PMF Task Team.</i></p> <p>g) The legal framework ensures that "in their professional careers, <u>audit staff</u> of Supreme Audit Institutions must not be influenced by the audited organizations and must not be dependent on such organizations." <i>ISSAI 1:6</i></p> <p>Score = 4: All of the criteria above are in place.</p> <p>Score = 3: Criteria (a), (e) and at least three of the other criteria above are in place.</p> <p>Score = 2: Criterion (a) and at least two of the other criteria above are in place.</p> <p>Score = 1: At least one of the criteria above are in place.</p> <p>Score = 0: None of the criteria above are in place.</p>	

SAI-2: Mandate of the SAI

The indicator aims to assess the operational powers vested in the SAI through the legal framework. As the Supreme Audit Institution of government financial resources, the SAI needs to be sufficiently empowered by a legal framework establishing its role and clearly describing the public financial operations it is responsible for auditing.

According to the Lima Declaration, “all public financial operations, regardless of whether and how they are reflected in the national budget, shall be subject to audit by Supreme Audit Institutions. Excluding parts of financial management from the national budget shall not result in these parts being exempted from audit by the Supreme Audit Institution.” ISSAI 10 also elaborates on what is regarded a sufficiently broad mandate and full discretion. To enable the SAI to fulfil the mandate this full discretion also needs to be reflected in the SAI’s *de jure* and *de facto* rights to access and obtain information and documentation necessary for its activities. Finally, to get a complete understanding of the powers vested in the SAI, its rights and obligations need to be assessed. To hold audited entities accountable and make an impact, SAIs need the power to, and be required to, report on its activities. The legal framework should ensure these rights, allowing the SAI to freely prepare, submit and publish its audit reports.

For SAI with jurisdictional functions, the term *mission* is more relevant than *mandate*. A jurisdictional SAI does not receive a mandate; it fulfils missions bestowed upon it by its founding text. For jurisdictional SAIs, the mission, as it is provided for and carried out, should be assessed in this indicator.

Suggested assessment approach

The assessment of this indicator requires examination of the legal framework and the activities of the SAI, including any occurrences of interference from the Executive during the period under review.

Dimensions to be assessed:

- (i) Sufficiently Broad Mandate
- (ii) Access to Information
- (iii) Right and Obligation to Report

(i) Sufficiently Broad Mandate: The ISSAIs foresee a broad audit mandate for SAIs, covering all (or most) public financial operations (ISSAI 1:18). This dimension assesses the SAI’s legal rights to carry out audits. If the legal framework is silent on certain elements, the assessors should look at the activities the SAI carries out in practice. For SAIs with jurisdictional functions, their mission provides the legal foundation for jurisdictional control. INTOSAI has established ISSAIs for three main types of public sector audit.¹⁵ In fulfilling their mandates, SAIs should be independent in the choice of audit issues, in their audit planning and in the conduct of their audits. This entails that the way of carrying out audit may vary in practice, and SAIs may combine audit types, for example in comprehensive audits.

¹⁵ For further introduction to the audit types, please see Domain C.

It is important that there is oversight by an independent body (e.g. the SAI) of all public funds, also extra-budgetary funds. The SAI should have the right to address the Legislature if it has concerns over the audit arrangements in place for public financial operations which are not within the mandate of the SAI.

(ii) Access to Information: Auditors should be entitled to free, timely and unrestricted access to all documents and information they might need for the proper discharge of their responsibilities (ISSAI 10:4). This dimension assesses to what degree the SAI has such rights.

(iii) Right and Obligation to Report: The dimension assesses the SAI's right and obligation to report its audit findings. SAIs should report the results of their audit work at least once a year (ISSAI 1:16). They should be free to decide on the content of their audit reports, and to publish and disseminate their reports once they have been formally tabled or submitted to the appropriate authority. The SAI should pay due attention to any laws on secrecy of information and consider how it can best communicate its results without violating such laws.

SAI-2 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Sufficiently Broad Mandate	
<p>Scope of Audit</p> <p>a) <u>"All public financial operations, regardless of whether and how they are reflected in the national budget, shall be subject to audit by Supreme Audit Institutions."</u> ISSAI 1:18 (In scoring this criteria, assessors may need to define and record their interpretation of 'National Budget' in relation to the structure of Government in the country)</p> <p>b) Where criterion (a) is not in place, the SAI has the right to <u>address the Legislature</u> or the relevant legislative committee regarding concerns it may have over audit arrangements for any public financial operations which are not within the mandate of the SAI. ISSAI 1:18, SAI PMF Task Team.</p> <p>c) The SAI's mandate specifically ensures it is responsible for the audit of <u>all central government activities</u>. ISSAI 10:3 (E.g. audit of the consolidated fund, including flows in and out of the fund, and all revenue, expenditure, assets and liabilities).</p> <p>d) "(...) SAIs are <u>free from direction and interference</u> (...) in the selection of audit issues, planning, (...) conduct, reporting and follow-up of their audits." ISSAI 10:3</p> <p>e) During the past 3 years the SAI has <u>not been given and has not taken</u> any tasks which influence the independence of its mandate. ISSAI 10:3, SAI PMF Task Team.</p> <p>f) There have been <u>no cases of interference</u> in the SAI's selection of audit clients or subjects within the last three years, in a way that may compromise the SAI's independence. ISSAI 10:3, SAI PMF Task Team.</p> <p>As a minimum, "SAIs should be empowered to audit the (...)" ISSAI 10:3</p> <p>g) <u>"legality and regularity of government or public entities' accounts"</u>. ISSAI 10:3</p> <p>h) <u>"quality of financial management and reporting"</u>. ISSAI 10:3</p> <p>i) <u>"economy, efficiency and effectiveness of government or public entities' operations"</u>. ISSAI 10:3</p> <p>Score = 4: All of the criteria above are in place. Score = 3: Criterion (c) and at least six of the other criteria above are in place. Score = 2: Criterion (c) and at least three of the other criteria above are in place.</p>	<p>ISSAI 1</p> <p>ISSAI 10</p>

SAI-2 Dimension & Minimum Criteria for Dimension Score	Key references
Score = 1: At least two of the criteria above are in place. Score = 0: Less than two of the criteria above are in place.	
Dimension (ii) Access to Information	
<p>a) The law provides the SAI with unrestricted <u>right of access</u> to records, documents and information. <i>ISSAI 1:10</i></p> <p>b) The SAI has the right to <u>decide which information it needs</u> for its audits. <i>ISSAI 1:10</i></p> <p>c) In case the access to information required for the audit is restricted or denied, there is an established and appropriate <u>process for resolving such matters</u>, e.g. the possibility to address the Legislature or one of its committees, to take the matter to court, or direct powers to sanction those preventing access to information. <i>ISSAI 10:4, SAI PMF Task Team.</i></p> <p>d) For jurisdictional controls, in the event that access to information considered necessary is hindered, the SAI has <u>specific powers to sanction</u> those responsible for such hindrance. (<i>E.g. fines for failing to produce information, fines for hindering access, etc.</i>). <i>SAI PMF Task Team</i></p> <p>e) SAI staff have right of <u>access to the premises</u> of audited bodies in order to do the fieldwork the SAI deems necessary. <i>ISSAI 1:10</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: Criterion (a) and at least two of the other criteria above are in place. Score = 2: At least two of the criteria above are in place. Score = 1: At least one of the criteria above are in place. Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 1</p> <p>ISSAI 10</p>
Dimension (iii) Right and Obligation to Report	
<p>a) "The Supreme Audit Institution shall be empowered and required by the Constitution to <u>report its findings annually and independently</u> to Parliament." <i>ISSAI 1:16 (I.e. body of public representatives).</i></p> <p>b) The SAI has the right to <u>publish</u> its annual audit reports. <i>ISSAI 1:16</i></p> <p>c) "The SAI shall also be empowered to report on particularly important and significant findings <u>during the year</u>." <i>ISSAI 1:16</i></p> <p>d) "SAIs are free to decide <u>the content</u> of their audit reports." <i>ISSAI 10:6</i></p> <p>e) "SAIs are free to decide on <u>the timing</u> of their reports except where specific requirements are prescribed in law." <i>ISSAI 10:6</i></p> <p>f) During the past 3 years there has been <u>no interference</u> in the SAI's decisions <u>on the content</u> of its audit reports. <i>ISSAI 10:6</i></p> <p>g) During the past 3 years there has been <u>no interference</u> in the SAI's efforts to <u>publish</u> its audit reports. <i>ISSAI 10:6</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: Criterion (a) and at least four of the other criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least one of the criteria above are in place. Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 1</p> <p>ISSAI 10</p>

Domain B: Internal Governance and Ethics

One of the objectives of ISSAI 12 is that SAIs should lead by example and be model organisations. An SAI should promote transparency and accountability through good governance of the SAI and ethical conduct, in order to fulfil their mandates.

There are several steps an SAI can take to ensure good governance. An SAI needs to adopt and comply with good governance principles, in all business. As ISSAI 20 states in its introduction: “SAIs are (...) responsible for planning and conducting the scope of their work and using proper methodologies and standards to ensure that they promote accountability and transparency over public activities, meet their legal mandate and fulfil their responsibilities in a complete and objective manner”. It is important that this responsibility is taken clearly at the top management level, and is reflected in governance of the SAI that is consistent throughout the organization.

This domain measures the SAI’s overall performance in the area of internal governance and ethics. It seeks to give a holistic understanding of the SAI’s efforts, strengths and weaknesses at the organizational level. The indicators measured in Domain B reflect the SAI’s foundations for conducting its activities.

Long-term and short-term planning is the basis for an SAI’s operations. The content of the strategic plan, the process of developing it, as well as the reporting on the SAI’s own performance are covered in SAI-3. Overall planning of audit activities is covered in SAI-7. The *overall audit plan* for the SAI describes the audits the SAI will carry out in a set period of time. It should comply with the SAI’s mandate. The overall audit plan could be annual or a multiple year rolling audit plan.

ISSAI 20, Principle 4 states that SAIs must apply high standards of integrity and ethics for staff of all levels. Internal control is an overarching principle to all the SAI’s operations, and is therefore central in most domains in the SAI PMF. SAI-4 measures the elements that are fundamental to a system of internal control. ISSAI 20, Principle 5 states that SAIs must ensure that these accountability and transparency principles are not compromised when they outsource their activities. The SAI’s system for achieving this is measured in SAI-5. To ensure a practice of high integrity the organisation needs to clearly communicate what is expected from staff and facilitate an environment characterized by functioning internal control systems and ethical behaviour among staff. Top management should promote these standards by demonstrating an appropriate tone-at-the top, and take initiatives to encourage high-quality work and a strong culture of internal control. These aspects are covered both in SAI-4 and SAI-6.

Performance Indicators:

SAI-3: Strategic Planning Cycle

SAI-4: Organizational Control Environment

SAI-5: Outsourced Audits

SAI-6: Leadership and Internal Communication

SAI-7: Overall Audit Planning

Link to other domains

While Domain B primarily measures procedures and practices at an organizational level (with the exception of SAI-5), it is important that the assessors also verify whether the actual practices in the SAI correspond with the central systems. This can also help identify best practice which should be considered across the organization.

SAI-3: Strategic Planning Cycle

A strategic plan is important to provide organizational direction, and its publication communicates its intentions to internal and external stakeholders. Strategic planning should consider stakeholders' expectations and emerging risks, as well as the institutional environment in which the SAI operates, and where appropriate, measures to strengthen this environment. The objectives set in the strategic plan should be operationalized in an annual/operational plan for the SAI.

An SAI should have efficient and effective systems in place which enable it to plan for both the long term and the short term. It should also monitor and report on its performance. Consistent with INTOSAI terminology, long-term planning will be referred to as “strategic planning”, although some SAIs may call it by other names¹⁶. Short term planning will be referred to as “annual planning/operational planning”. Operational planning of SAI business will naturally coincide with overall audit planning. However, overall audit planning is measured in SAI-7. The sources of data to measure SAI-3 (ii) and SAI-7 could, in some SAIs, be the same. Analysis of the content of the relevant plan(s) is therefore the main objective when evaluating the plans against the criteria (not whether or not all aspects are gathered in one document).

Dimensions to be assessed:

- (i) Content of the Strategic Plan
- (ii) Content of the Annual Plan/Operational Plan
- (iii) Organizational Planning Process
- (iv) Monitoring and Performance Reporting

(i) Content of the Strategic Plan: The strategic planning process should identify the desired future state the SAI is aiming at, assess the current situation, recognize risks, and identify the organization's development needs on the basis of this. It should define how to achieve the desired future state by identifying a long term mission statement and strategic objectives, while taking into account the culture and values of the SAI. For an SAI to report, implement, monitor and evaluate its strategic plan it is important to have in place a performance measurement system. An implementation matrix or similar document should be developed to create a bridge between the strategic plan and the annual plan.

(ii) Content of the Annual Plan: To facilitate implementation of its strategic plan, the SAI should operationalize its long-term objectives. The *annual plan/operational plan* is here defined as the tool used by the organization to implement its strategic plan and assist in managing its day-to-day activities. On an annual basis the SAI should provide a detailed plan for the coming year by elaborating on the planned projects, activities, timelines, and resources required, estimated budget, outputs, responsibility for projects and risks involved. Performance indicators should measure outcomes and outputs rather than activities, in other words results (e.g. *Having 20 certified financial auditors in place in the SAI*) instead of the activities you will carry out (e.g. *Conduct 2 financial audit certification training courses for staff*). The SAI should plan both audit related and non-audit related activities. The plan may take a multi-annual

¹⁶ For example, in AFROSAI-E, the term “corporate plan” is used.

form, such as a rolling three-year plan where year one is planned in detail and years two and three in outline only. The plan should be communicated internally.

(iii) The planning process: The planning process should follow principles of good governance, with clearly defined timelines, steps, roles and responsibilities. Ownership at top level in the SAI is essential, but the right degree of participation from the whole organization leads to stronger ownership and secures that all parties are heard. Additionally, consulting external stakeholders for their opinions can be useful in order to ensure that the SAI's relevance in society is considered as part of the process. For the sake of accountability the SAI should make its strategic plan publicly available, and the operational plan should as a minimum be shared within the organization.

(iv) Monitoring and Performance Reporting: The SAI should report publicly on its own operations and performance, to show that it is fulfilling its mandate. The reporting should demonstrate the SAI's performance against internal objectives, the value of its audit work to external stakeholders, and the impact the SAI's work has on society.

SAI-3 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Content of the Strategic Plan	
<p>a) The current strategic plan is based on a <u>needs assessment</u> covering the main aspects of the organization and an identification of gaps or areas requiring performance improvements. <i>IDI Strategic Planning Handbook</i></p> <p>b) The strategic plan incorporates a <u>results framework</u>, logical framework or similar which has a logical hierarchy of purposes (e.g. mission-vision-goals-objectives; or input-activities-output-outcome-impact). <i>IDI Strategic Planning Handbook</i></p> <p>c) The strategic plan contains a manageable number of <u>indicators</u> measuring the achievement of the SAI's strategic objectives (<i>E.g. related to its external deliverables (e.g. reports), internal capabilities, communication with stakeholders and legal framework</i>). <i>IDI Strategic Planning Handbook</i></p> <p>d) The strategic plan is complemented by an <u>implementation matrix</u> or similar document which identifies and prioritises the projects that need to be undertaken to achieve the goals and objectives of the strategic plan, and which identifies risks to achievement of the strategic plan. <i>IDI Strategic Planning Handbook</i></p> <p>e) "<u>Stakeholders' expectations</u> and emerging risks are factored into strategic (...) plans, as appropriate". <i>ISSAI 12:5</i></p> <p>f) The current strategic plan is based on an <u>assessment of the institutional framework</u> (e.g. the formal and informal practices that govern the SAI's operations, as well as country governance, political economy and public financial management systems) in which the SAI operates, and the current capacity of the SAI's key stakeholders to make use of the SAI's reports. <i>IDI Strategic Planning Handbook</i></p> <p>g) <i>Where necessary and appropriate</i>, the strategic plan includes measures designed to <u>strengthen the SAI's institutional environment</u>.</p>	<p>ISSAI 12</p> <p>IDI Strategic Planning Handbook for Supreme Audit Institutions</p>
<p>Score = 4: All the criteria above are in place.</p> <p>Score = 3: At least five of the criteria above are in place.</p> <p>Score = 2: At least three of the criteria above are in place.</p>	

SAI-3 Dimension & Minimum Criteria for Dimension Score	Key references
Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.	
Dimension (ii) Content of the Annual Plan/Operational Plan	
<p>An effective annual plan should contain:</p> <ol style="list-style-type: none"> <u>Clearly defined</u> activities, timetables, and responsibilities. <u>Coverage</u> of all the SAI's main support services, like financial management, HR and training, IT and infrastructure, etc. Clear links to the <u>strategic plan</u>. The annual plan contains or is linked to a <u>budget</u>, and there is evidence that considerations have been made about the resources needed to complete the activities in the plan. An assessment of <u>risks</u> connected to achieving the objectives of the plan. Measurable <u>indicators</u> at the outcome and output level. <u>Baselines</u> of current performance and milestones for major indicators. <p>Score = 4: All of the criteria above are in place. Score = 3: At least five of the criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	<p>IDI Strategic Planning Handbook for Supreme Audit Institutions</p>
Dimension (iii) Organizational Planning Process (Development of Strategic Plan and Annual/Operational Plan)	
<p>An effective organizational planning process requires:</p> <ol style="list-style-type: none"> High-level <u>ownership</u> of the process: the head of the SAI and the SAI management are involved in and own the process. <u>Participation</u>: the opportunity for everybody within the organization to provide input into organizational planning in some form. A variety of appropriate <u>external stakeholders</u> are consulted as part of the process. <u>Communication</u>: there is effective communication of the organizational plans to everybody within the organization. The strategic plan is made <u>publicly available</u>. <i>ISSAI 20:2</i> There is a process for annual and/or in-year <u>monitoring</u> of progress against the strategic plan and annual/operational plan. <u>Planning</u> the plan: there are clearly defined responsibilities, actions and a timetable for developing the organizational plans. <u>Continuity</u>: the last strategic plan was in place by the time the previous strategic planning period had ended. The organizational planning process has been <u>evaluated</u> to provide input to the next planning process. <p>Score = 4: All of the criteria above are in place. Score = 3: At least seven of the criteria above are in place. Score = 2: At least four of the criteria above are in place. Score = 1: At least two of the criteria above is in place. Score = 0: Less than two of the criteria above are in place.</p>	<p>ISSAI 20</p> <p>IDI Strategic Planning Handbook for Supreme Audit Institutions</p>
Dimension (iv) Monitoring and Performance Reporting	

SAI-3 Dimension & Minimum Criteria for Dimension Score	Key references
<p>Regarding measuring and reporting on the SAI's performance:</p> <p>a) "SAIs assess and <u>report</u> on their operations and performance in all areas (...)." <i>ISSAI 20:6 (I.e. including a summary review of the SAI's performance against its strategy and annual objectives).</i></p> <p>b) SAIs use performance <u>indicators</u> to measure achievement of internal performance objectives. <i>IDI Strategic Planning Handbook, chapter 9</i></p> <p>c) "SAIs may use performance indicators to assess the <u>value of audit work</u> for Parliament, citizens and other stakeholders." <i>ISSAI 20:6 (E.g. defining indicators relevant to specific stakeholders, or measuring satisfaction of stakeholders).</i></p> <p>d) "SAIs follow up their public visibility, outcomes and impact through <u>external feedback</u>." <i>ISSAI 20:6</i></p> <p>e) Where appropriate, "the SAI... publish[es] statistics <u>measuring the impact</u> of the SAI's audits, such as savings and efficiency gains of government programs." <i>INTOSAI Guideline on Communicating and Promoting the Value and Benefits of SAIs, pg.8</i></p> <p>In addition to the SAI's annual performance reporting:</p> <p>f) "SAIs publicly report the results of <u>peer reviews</u> and independent external assessments." <i>ISSAI 20:9</i></p> <p>g) SAIs make public <u>the audit standards</u> and core audit methodologies it applies. <i>ISSAI 12:8</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least five of the criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 12</p> <p>ISSAI 20</p> <p>IDI Strategic Planning Handbook for Supreme Audit Institutions</p> <p>INTOSAI Guideline on Communicating and Promoting the Value and Benefits of SAIs</p>

SAI-4: Organizational Control Environment

An SAI should have an internal control system in place that provides reasonable assurance that the SAI manages its operations economically, efficiently, effectively and in accordance with laws and regulations (INTOSAI GOV 9100). Further, an SAI should have a quality control system in place that ensures quality in all its work (ISSAI 40). Nevertheless, this system should not restrict the independence of magistrates in jurisdictional SAIs, or auditors in other SAIs during their investigation.

Internal control is defined through the plans of the organization, including management's attitude, methods, procedures and other measures which are taken to this end. Everyone in an organization has responsibility for internal control to some extent. A system of internal control is defined as consisting of five interrelated components: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication, 5) monitoring. The *control environment* is the foundation for the internal control system and provides the discipline, structure and culture which influence the overall quality of internal control. Having established an effective control environment, an *assessment of risks* the organization is facing when seeking to achieve its mission and objectives provides the basis for developing an appropriate response to risks. The major strategy for mitigating risks is through internal *control activities*, that can be both preventive or/and detective. For an entity to run and control its operations, effective *information and communication* is vital. Finally, it is necessary to *monitor* the internal control system to help ensure that it remains relevant to changing objectives, environment, resources and risks (INTOSAI GOV 9100).

The quality of work performed by SAIs affects their reputation and credibility, and ultimately how they fulfil their mandate. As an overriding objective, each SAI should consider the risks to the quality of its work and establish a system of quality control that is designed to adequately respond to these risks. Maintaining a system of quality control requires ongoing monitoring and a commitment to continuous improvement (ISSAI 40, pg. 4). Dimension (iii) covers the organizational aspects of audit quality operating throughout the SAI. The quality control of the audit performed is covered in Domain C within the indicators under each audit discipline. Quality assurance of the audit is covered in dimension (iv). The distinction between quality control and quality assurance is explained under dimensions (iii) and iv). ISSAI 40 *Quality Control for SAIs* is used as the major reference for this indicator.

Dimensions to be assessed:

- (i) Internal Control Environment – Ethics, Integrity and Organizational Structure
- (ii) System of Internal Control
- (iii) Quality Control System
- (iv) Quality Assurance System

(i) Internal Control Environment – Ethics, Integrity and Organizational Structure: A Code of Ethics is a comprehensive statement of the values and principles which should guide the daily work of auditors to ensure that their conduct is beyond reproach at all times and in all circumstances (ISSAI 30). It should clarify ethical criteria for auditors. It does not have to be one single document, but should exist in a form which ensures that staff as well as external stakeholders are well acquainted with its content. The

INTOSAI Code of Ethics (ISSAI 30) is intended to constitute a foundation for each SAI's own Code of Ethics. Key concepts in ISSAI 30 are integrity, independence and objectivity, competence, professional behaviour, confidentiality and transparency.

(ii) System of internal control: Systems of internal control are relevant to all SAI operations, and are therefore central in most domains in the SAI PMF. It is impossible to measure in a single indicator or domain. SAI-4 dimension (i) covers some important parts of a control environment that need to be in place for an SAI to have effective internal control; code of ethics and integrity, organizational structure and clarity on responsibility and reporting lines. SAI-4 dimension (ii) highlights central high-level elements of the SAI's system for managing risk and control.

(iii) Quality control of the audit process describes the sum of the measures taken to ensure the high quality of each audit product. It is carried out as an integrated part of the audit process. For a system of quality control to be effective, it needs to be part of an SAI's strategy, culture, and policies and procedures. In this way, quality should be built into the work of an SAI and the production of its reports.

In the majority of SAIs with jurisdictional functions, which often deliberate under a collegial procedure, a number of mechanisms integrated into the very operation of the SAI and founded on a high-level normative framework contribute to quality. The public prosecutor's office operating alongside with the SAI plays an important role in quality control. Usually overseen by a public prosecutor or chief prosecutor, its primary role is to ensure that the law is correctly applied, beginning with the application by the SAI itself: It ensures that audits/controls are carried out in compliance with legal framework and the rules of procedure in force.

Furthermore, where authorized by the provisions governing the SAI, the appointment of a person in charge of quality control, for example a "senior" magistrate who reviews the quality of the audit/control results, before their audit/control is presented, is another element of integrated quality control, or the appointment of a "senior" officer (usually at director level) as supervisor for each audit/control work, and in charge of checking the key quality control procedures. Finally, the collegial examination of the control report and later its adoption, offers the guarantee of a shared review, by experienced members, of the audit process and the content of the final report.

(iv) Quality assurance is a periodic evaluation of the audit process. It is a monitoring process designed to provide an SAI with reasonable assurance that the policies and procedures relating to the system of quality control are relevant and adequate and are operating effectively. Quality assurance should be carried out by individuals who are independent, i.e. have not taken part in the audit process they are reviewing. The quality assurance process should include a review of a sample of completed work across the range of work carried out by the SAI.

Quality assurance may also be undertaken through various procedural mechanisms, as part of an integrated quality management approach, as defined above. In SAIs with jurisdictional functions, the public prosecutor's office plays an important role in the quality assurance process. The office takes no part in the audit and control processes. Most of the work carried out by the SAI is submitted to the

public prosecutor. The public prosecutor's office presents an opinion on the respect of process, norms (timing, transparency, justification) and on the content of the results of the investigation. In jurisdictional SAIs, the authors of audit/control reports remain "masters" of the proposals in their reports and the SAI (the deliberative body) retains the "final word" on the content of control reports and the nature of any action to be taken in consequence.

SAI-4 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Internal Control Environment – Ethics, Integrity and Organizational Structure	
<p>To promote ethical behaviour and a strong control environment, the SAI should:</p> <ul style="list-style-type: none"> a) Have a <u>code of ethics</u>. <i>ISSAI 10:3, ISSAI 30.</i> b) The code of ethics sets out "ethical rules or codes, policies and practices that are aligned with ISSAI 30." <i>ISSAI 20:4.</i> As a minimum it should contain criteria which address the auditors' "integrity, independence and objectivity, competence, professional behaviour, confidentiality and transparency." <i>ISSAI 30: pg. 5</i> c) <u>Review</u> the code of ethics at least every ten years to ensure it is in line with ISSAI 30. d) "<u>require all staff</u> to always engage in conduct consistent with the values and principles expressed in the code of ethics, and [...] provide guidance and support to facilitate their understanding." <i>ISSAI 30:12</i> e) "<u>require that any party it contracts to carry out work on its behalf</u> commit to the SAI's ethical requirements." <i>ISSAI 30:12</i> f) Make the code of ethics <u>publicly available</u>. <i>ISSAI 30:12</i> g) "<u>implement an ethics control system</u> to identify and analyse ethical risks, to mitigate them, to support ethical behaviour, and to address any breach of ethical values, including protection of those who report suspected wrongdoing." <i>ISSAI 30:12</i> h) Have an approved and applied <u>organizational structure</u> and "ensure that responsibility is clearly assigned for all work carried out by the SAI." <i>ISSAI 40: pg. 10</i> i) Have clear <u>job descriptions</u> covering the main responsibilities throughout the organization. <i>SAI PMF Task Team</i> j) Ensure staff are clear on their tasks and <u>reporting lines</u>. <i>INTOSAI GOV 9100: pg. 19-20</i> k) Have assessed its vulnerability and resilience to integrity violations, through the use of tools such as <u>IntoSAINT</u> or similar, in the past five years. <i>SAI PMF Task Team</i> l) "Apply high standards of integrity (...) for staff of all levels" by adopting an <u>integrity policy</u> based on an assessment using IntoSAINT or a similar tool. <i>ISSAI 20:4</i> <p>Score = 4: All of the criteria above are in place. Score = 3: Criteria (a), (b), (c), (d), (g) and at least four of the other criteria above are in place. Score = 2: Criteria (a), (d), (g) and at least three of the other criteria above are in place. Score = 1: Criteria (a), (d) and (g) are in place. Score = 0: Criteria (a), (d) and (g) are not in place.</p>	<p>ISSAI 10</p> <p>ISSAI 20</p> <p>ISSAI 30</p> <p>INTOSAI GOV 9100</p> <p>IntoSAINT</p>
Dimension (ii) System of Internal Control	

SAI-4 Dimension & Minimum Criteria for Dimension Score	Key references
<p>To promote effective internal control within the SAI, the SAI should:</p> <ul style="list-style-type: none"> a) Operate a clearly defined system for identifying, mitigating and monitoring major <u>operational risks</u>. <i>INTOSAI GOV 9100</i> b) Ensure its <u>internal control policies and procedures</u> are clearly documented and applied. <i>INTOSAI GOV 9100: Ch. 2.3-2.5</i> c) Maintain an annual process for the heads of all SAI departments/units to <u>provide assurance</u> they have carried out their risk management responsibilities. <i>SAI PMF Task Team</i> d) Ensure the Head of the SAI signs a <u>statement of internal control</u> which is published as part of the SAI's annual report. <i>SAI PMF Task Team</i> e) Have undertaken a <u>review of its internal control system</u> and reported upon it within the past five years. <i>INTOSAI GOV 9100: Ch. 2.5</i> f) Clearly assign responsibility for <u>internal auditing</u> and ensure the staff tasked with this have the appropriate mandate, skill set, experience and resources to do the job. <i>ISSAI 40: pg. 9, INTOSAI GOV: pg. 18, 41</i> g) Ensure its internal auditors are <u>independent</u> from management and report directly to the highest level of authority in the organization (e.g. an Audit Committee, a committee with a similar function, or to the head of SAI.) <i>INTOSAI GOV: pg. 45 (For SAI's with jurisdictional functions: Because of the independence of the magistrate, the limited aspect of the hierarchy and the integration of the control system and quality assurance all have to be considered when scoring this criterion).</i> h) Have a system for <u>monitoring the implementation of recommendations</u> from internal audit and its Audit Committee (or committee with similar function, or the Head of SAI). <i>INTOSAI GOV 9100: Ch. 2.5</i> i) Have a notification procedure in place for employees to report suspected violations ("<u>whistle blowing</u>"). j) Have developed and implemented a <u>job rotation policy</u> to manage possible conflicts of interest. <i>INTOSAI GOV 9100: pg. 2</i> <p>Score = 4: All of the criteria above are in place. Score = 3: Criteria a), c), e) and at least five of the other criteria above are in place. Score = 2: At least criteria a) and four of the other criteria above are in place. Score = 1: At least two of the criteria above are in place. Score = 0: Less than two of the criteria above are in place.</p>	<p>ISSAI 40</p> <p>INTOSAI GOV 9100, which is based on the COSO integrated framework for internal control</p>
Dimension (iii) Quality Control System	
<p>The SAI has a system of quality control in place for <u>all its work</u> (audit and non-audit activities, for example procurement processes) which has the following characteristics:</p> <ul style="list-style-type: none"> a) "An SAI should establish <u>policies and procedures</u> designed to promote (...) quality as essential in performing all of its work." <i>ISSAI 40: pg. 5</i> b) Quality control policies and procedures are clearly established and "(...) the Head of the SAI (...) retains <u>overall responsibility</u> for the system of quality control." <i>ISSAI 40: pg. 5.</i> c) "The Head of the SAI may <u>delegate authority</u> for managing the SAI's system of quality control to a person or persons [considered individually or collectively] 	<p>ISSAI 40, which is based on the International Standard on Quality Control (ISQC)</p>

SAI-4 Dimension & Minimum Criteria for Dimension Score	Key references
<p>with sufficient and appropriate experience to assume that role.” ISSAI 40: pg. 5 (E.g. the persons responsible for quality control have the appropriate skills)</p> <p>d) The SAI has “(..) establish[ed] systems to consider the <u>risks to quality</u> which arise from carrying out the work.” ISSAI 40: pg. 8</p> <p>e) “SAIs should consider their work programme and whether they have <u>resources</u> to deliver the range of work to the <u>desired level of quality</u>. To achieve this, SAIs should have a system to prioritize their work in a way that takes into account the need to maintain quality. “ ISSAI 40: pg. 8</p> <p>Score = 4: All of the criteria above are in place Score = 3: At least four of the criteria above are in place. Score = 2: At least two of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	
Dimension (iv) Quality Assurance System	
<p>The SAI’s Quality Assurance (QA) System/monitoring of its quality control system should have the following characteristics:</p> <p>a) “Include an ongoing consideration and evaluation of the SAI’s system of quality control, including a review of a sample of completed work <u>across the range of work</u> carried out by the SAI.” ISSAI 40: pg. 13. (I.e. review of a sample of all types of audit/control carried out by the SAI)</p> <p>b) <u>Have written procedures and/or plans</u> for QA which specify the frequency with which QA reviews should be carried out, and QA is carried out according to the frequency specified in this plan. SAI PMF Task Team</p> <p>c) “(...) <u>Responsibility</u> for the [QA] monitoring process [is] assigned to an individual or individuals [or a college] with sufficient and appropriate experience and authority in the SAI to assume that responsibility.” ISSAI 40: pg. 13</p> <p>d) The QA reviews result in <u>clear conclusions</u> and, where relevant, <u>recommendations</u> for appropriate remedial actions for deficiencies noted. SAI PMF Task Team</p> <p>e) There is evidence that the Head of SAI has <u>examined the recommendations</u> resulting from the quality assurance review of the audits/controls and drawn the necessary conclusions. SAI PMF Task Team</p> <p>f) “(...) those carrying out the review are <u>independent</u> (I.e. they have not taken part in the work or any quality control review of the work).” ISSAI 40: pg. 13 (Independence also extends to the selection of audits to be subject to review. For jurisdictional SAIs: the specificities of jurisdictional model SAIs, and in particular the Public Prosecutor’s Office, shall be considered)</p> <p>g) “(...) the <u>results</u> of the monitoring of the system of quality control are <u>reported</u> to the Head of SAI in a timely manner.” ISSAI 40: pg. 13 (I.e. within one month of completion of review)</p> <p>h) “(...) SAIs could consider engaging another SAI, or other suitable body, to carry out an <u>independent review</u> of the overall system of quality control (such as a peer review).” ISSAI 40: pg. 13 (Including non-audit activities)</p> <p>Score = 4: All the criteria are in place. Score = 3: Criterion (a) and at least five of the other criteria above are in place.</p>	ISSAI 40

SAI-4 Dimension & Minimum Criteria for Dimension Score	Key references
<p>Score = 2: The SAI's Quality Assurance System/monitoring of quality control system covers the most significant parts (according to the assessors' professional judgement) of the SAI's audit work, and at least four of the criteria above are in place.</p> <p>Score = 1: The SAI's Quality Assurance System/monitoring of quality control system covers a sample of completed audit work, and at least three of the criteria above are in place.</p> <p>Score = 0: Less than three of the criteria above are in place.</p>	

SAI-5: Outsourced Audits

An SAI's legal framework may allow for it to contract external auditors. To enable SAIs with limited capacities to complete their audits in a timely manner, outsourcing some audit work may be an option for a SAI to fulfil their mandate. However, the SAI still remains the responsible party for the audits and for the results of the contracted work. Therefore, as identified in ISSAI 40, SAIs that contract audit work need to consider any resulting risks to quality of all their work. This indicator specifically assesses the procedures and practices in place within an SAI that outsources some of its work, to allow it to guarantee the quality of these audits. The indicator encompasses audits that are outsourced in full. Audits that are partially outsourced (e.g. specific analyses that require external expertise), are to be covered in Domain C.

The SAI needs to have a system in place to ensure that work carried out by contracted parties is of the required quality. It is essential that the SAI has adequate procedures both for selecting contractors, and for the quality control of audit work done by them on behalf of the SAI. Furthermore, the outsourced audit work needs to be included in the SAI's system for quality assurance review to ensure that quality control procedures are being implemented.

Dimensions to be assessed:

- (i) Process for Selection of Contracted Auditor
- (ii) Quality Control of Outsourced Audits
- (iii) Quality Assurance of Outsourced Audits

(i) The Process for Selection of Contracted Auditor is a high-risk procurement process. It therefore requires sound policies and procedures that ensure that contracted auditors comply with the ethical requirements of the SAI, that they are competent, and that they do not have any conflicts of interest with the audited entities. The selection process should also include an evaluation of the system for quality control within the organisation of the contracted auditor.

(ii) The Quality Control of Outsourced Audits should be of equal importance to non-outsourced audit work and an integrated part of the SAI's system for quality control. The SAI should identify possible risks to quality in the outsourced work, obtain all relevant working papers that are part of the audit work, and make sure that the contracted auditor actually implements the quality control procedures that are required to comply with the relevant standards. The SAI also needs to have in place procedures for it to issue the reports produced by contracted auditors.

(iii) Quality Assurance of Outsourced Audits: Because outsourcing of audit work represents an elevated risk to the quality of the results under a SAI's mandate, it is crucial that there is a system of quality assurance (QA) that evaluates the system of quality control for outsourced audits. There should be procedures that allow regular evaluation and monitoring with clearly defined responsibilities. Quality assurance needs to be carried out by independent persons, and the results should lead to clear recommendations that should be followed up by the SAI management, including to consider amending procedures and contracts if this is recommended.

Suggested assessment approach

The assessment team needs to look at the set principles for selecting contracted auditors. It should also establish whether these are followed in practice, by reviewing a sample of the processes for selecting the SAI's contracted auditors.

To evaluate the SAI's system for quality control of outsourced audits, the assessment team should review applicable principles and standards, and also review a sample of outsourced audit files to assess compliance to these by contracted auditors.

To review the SAI's system for QA for outsourced audits, the team should look at the applicable principles and standards for QA of outsourced audits, and how these are implemented in practice. In addition, the team should look at the skills and experience of the QA reviewers, and look at the results of the QA reviews (e.g. reports or presentations). Letters, minutes from meetings, changes to relevant audit standards after QA reviews etc. can be considered evidence that the contracted auditor has considered or concluded on the SAI's QA recommendations.

SAI-5 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Process for Selection of Contracted Auditor	
An SAI should have established policies and procedures [a system] for selecting contracted auditors. The system ensures that:	ISSAI 40
a) the SAI is provided with reasonable assurance that any parties contracted to carry out work for the SAI have the necessary <u>competence and capabilities</u> to "(...) carry out its work in accordance with relevant standards and applicable legal and regulatory requirements; and enable the SAI to issue reports that are appropriate under the circumstances." ISSAI 40: pg 9	ISQC1
b) the SAI is provided "(...) with reasonable assurance that (...) any parties contracted to carry out work for the SAI comply with relevant <u>ethical requirements</u> ." ISSAI 40: pg. 6. (I.e. integrity, independence, professional secrecy, competency and transparency)	
c) "(...) any parties contracted to carry out work for the SAI have an appropriate <u>understanding</u> of the public sector environment in which the SAI operates, and a good understanding of the work they are required to carry out." ISSAI 40: pg 10	
d) "(...) any parties contracted to carry out work for the SAI are subject to appropriate <u>confidentiality agreements</u> ." ISSAI 40: pg 7 (I.e. by including this requirement in written contracts)	
e) "SAIs should ensure policies and procedures are in place that reinforce the importance of <u>rotating key audit personnel</u> , where relevant, to reduce the risk of familiarity with the organisation being audited. SAIs may also consider other measures to reduce the familiarity risk." ISSAI 40: pg 7 (E.g. by establishing a maximum limit of years that an external auditor can audit the same entity, and by including independence requirements in written contracts)	
f) the SAI's audit standards, as well as "(...) quality control policies and procedures are clearly <u>communicated</u> to (...) any parties contracted to carry out work for the SAI." ISSAI 40: pg 6; ISSAI 40: pg 11	
g) "(...) SAIs should seek <u>confirmation</u> that the contracted firms have effective systems of quality control in place." ISSAI 40: pg. 13. (I.e. evaluates the contracted auditor's system for quality control. Derived from ISQC1: 32 and 33.)	

SAI-5 Dimension & Minimum Criteria for Dimension Score	Key references
<p>Score = 4: All of the criteria above are in place.</p> <p>Score = 3: Criteria (a), (b) and at least four of the other criteria above are in place.</p> <p>Score = 2: Criterion (a) and at least three of the other criteria above are in place.</p> <p>Score = 1: At least two of the criteria above are in place.</p> <p>Score = 0: Less than two of the criteria above are in place.</p>	
Dimension (ii) Quality Control of Outsourced Audits	
<p>The SAI has a system for quality control of outsourced audits in place.</p> <p>a) The SAI's system for quality control for outsourced audits <u>covers all outsourced audit work</u>, and ensures that the contracted firm implements quality control procedures during the audit aimed at ensuring quality and compliance with applicable standards. <i>Derived from ISSAI 40: pg. 11, SAI PMF Task Team</i></p> <p>b) The quality control system for outsourced audits is based on an <u>assessment of risk</u> to quality of outsourcing audit work, and adequately responds to these risks. <i>ISSAI 40: pg. 8</i></p> <p>c) "SAIs should ensure that all <u>documentation</u> (such as audit work papers) is the property of the SAI, regardless of whether the work has been carried out by SAI personnel or contracted out." <i>ISSAI 40: pg. 12 (I.e. by including this requirement in written contracts)</i></p> <p>d) The "(...) Procedures are in place for <u>authorizing reports</u> to be issued." <i>ISSAI 40: pg. 11, 12 (I.e. carry out quality control reviews of draft reports)</i></p> <p>Score = 4: All of the above criteria are in place.</p> <p>Score = 3: Criterion (d) and at least two of the other criteria above are in place.</p> <p>Score = 2: Criterion (d) and at least one of the other criteria above are in place.</p> <p>Score = 1: At least one of the criteria above is in place.</p> <p>Score = 0: None of the criteria above are in place.</p>	ISSAI 40
Dimension (iii) Quality Assurance of Outsourced Audits	
<p>The SAI should have established a system for monitoring the system of quality control for outsourced audits (quality assurance; QA). <i>ISSAI 40: pg. 12</i></p> <p>a) There are <u>written procedures and/or plans</u> for QA of outsourced audits. <i>SAI PMF Task Team</i></p> <p>b) The QA process "include[s] an ongoing consideration and evaluation of the SAI's system of quality control, including a review of a sample of completed work across the range of work carried out by the SAI." <i>ISSAI 40: pg. 13 (I.e. the SAI's QA process includes review of a sample of outsourced audits.)</i></p> <p>c) "(...) <u>responsibility</u> for the [QA] monitoring process [is] assigned to an individual or individuals with sufficient and appropriate experience and authority in the SAI to assume that responsibility." <i>ISSAI 40: pg 13</i></p> <p>d) The QA reviewers are independent, i.e. have not been involved in quality control review of the work contracted out. <i>ISSAI 40: pg 13</i></p> <p>e) The QA reviews result in <u>clear conclusions</u> and, where relevant, <u>recommendations</u> for improvements. <i>SAI PMF Task Team</i></p> <p>f) "(...) the <u>results</u> of the monitoring of the system of quality control are <u>reported</u> to the Head of SAI in a timely manner (...)." <i>ISSAI 40: pg 13</i></p>	ISSAI 40

SAI-5 Dimension & Minimum Criteria for Dimension Score	Key references
<p>g) There is evidence that <u>senior management</u> at the contracted auditor has <u>considered and concluded</u> on the recommendations provided from the QA. <i>SAI/PMF Task Team</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: Criteria (b), (d) and at least three of the other criteria above are in place. Score = 2: Criterion (d) and at least two of the other criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	

SAI-6: Leadership and Internal Communication

According to ISSAI 20, an SAI should be operating on the foundations of transparency and accountability. ISSAI 12 equally underlines the principle of SAIs leading by example. In practice, it is the Head of the SAI and the leadership team who are responsible for setting the tone at the top, to promote integrity, but also to enable effective fulfilment of the mandate of the organization by developing an organizational culture promoting effectiveness, transparency and accountability. In order for the SAI to achieve its objectives, strong leadership and good communication with staff are necessary.

Suggested assessment approach

Assessing performance in leadership and communication requires a holistic approach to this topic. While some criteria can be assessed by measuring the existence of practices within a specific area, others demand the assessor to take a look at how the organization functions as a whole. For leadership, the assessor needs to apply professional judgement to assess whether separate initiatives in sum are sufficient for the criteria to be considered fulfilled. Internal communication practices may need to be more formalized in larger organisations, so context, organizational structure and staff numbers need to be considered.

Dimensions to be assessed:

- (i) Leadership
- (ii) Internal Communication

(i) Leadership is an overarching element of all the SAI's operations, and is therefore central to most domains in the SAI PMF. It is impossible to measure in a single indicator or domain. Nevertheless, SAI-6 dimension (i) measures some of the practices that are considered to be minimum requirements for effective leadership. Leadership is challenging to measure so the impact of leadership and organizational culture should also be analyzed in the narrative performance report.

(ii) Internal communication: Internal communication is one of the key aspects in keeping SAI staff informed, motivated and aligned with the SAI's objectives. It is a powerful tool in increasing staff engagement. In addition, each staff member in the SAI plays an important role in communicating the importance of the SAI to citizens. Therefore, all staff should be informed of the SAI's work and strategic priorities. Internal communication is also a key tool in knowledge sharing, allowing people to know what initiatives are being developed throughout the SAI, increasing the innovation and generation of new ideas.

SAI-6 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Leadership	
Features of effective SAI leadership: a) The SAI leadership holds periodic <u>decision making meetings</u> . <i>Derived from CAF: pg. 19, SAI PMF Task Team</i> b) Key decisions made by the SAI's leadership are <u>documented</u> and communicated to staff. <i>SAI PMF Task Team</i>	ISSAI 20 ISSAI 30 ISSAI 40

SAI-6 Dimension & Minimum Criteria for Dimension Score	Key references
<p>c) The SAI leadership has identified and disseminated <u>the SAI's values</u> and promotes these in its public activities, core documents and regular communications. <i>CAF: pg. 18, SAI PMF Task Team</i></p> <p>d) The SAI leadership has successfully implemented a system where authority is delegated and where managers are <u>held accountable</u> for their actions. <i>Derived from ISSAI 20:pg 4, ISSAI 40: pg. 5 (E.g. in case of inadequate quality control of audits)</i></p> <p>e) The SAI leadership has considered strategies (within its available powers) to <u>incentivise better performance</u>, and has implemented these. <i>Derived from INTOSAI GOV 9100: pg.30</i></p> <p>f) The SAI leadership has demonstrated initiatives to <u>set a tone</u> enabling accountability and strengthening the culture of internal control. <i>INTOSAI GOV 9100, ISSAI 30: pg. 6</i></p> <p>g) The SAI leadership has demonstrated initiatives for <u>building an ethical culture</u> in the organization by identifying ethics as an explicit priority; leading by example; maintaining high standards of professionalism, accountability and transparency in decision making; encouraging an open and mutual learning environment where difficult and sensitive questions can be raised and discussed; and recognising good ethical behaviour, while addressing misconduct. <i>ISSAI 30: pg. 6-8</i></p> <p>h) The SAI leadership has demonstrated initiatives to establish "an internal culture recognising that <u>quality</u> is essential in performing all of its work." <i>ISSAI 40: pg. 5</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least six of the criteria above are in place. Score = 2: At least four of the criteria above are in place. Score = 1: At least two of the criteria above are in place. Score = 0: Less than two of the criteria above are in place.</p>	<p>INTOSAI GOV 9100</p> <p>Common Assessment Framework (CAF)</p>
Dimension (ii) Internal Communication	
<p>Regarding internal communication, the following criteria should be met by the SAI in the period under review:</p> <p>a) The SAI has established <u>principles for internal communication</u>, and monitors the implementation of these.</p> <p>b) The SAI leadership communicates the SAI's mandate, <u>vision, core values</u> and strategy to staff. <i>AFROSAI-E Handbook on Communication for SAIs, CAF: pg. 18</i></p> <p>c) The SAI leadership <u>informs and consults employees</u> regularly on key issues related to the organization. <i>Derived from CAF: pg. 9</i></p> <p>d) The SAI uses <u>appropriate tools</u> to promote effective internal communication, e.g. newsletter/magazine, email addresses for all staff, an intranet etc. <i>AFROSAI-E Handbook on Communication for SAIs</i></p> <p>e) There are regular and open <u>interactions</u> between management and staff, e.g. organizational and unit-wide briefings, regular team meetings. <i>AFROSAI-E Handbook on Communication for SAIs</i></p> <p>f) The SAI has an <u>electronic communication</u> system which allows all staff to communicate and share information. <i>AFROSAI-E Handbook on Communication for SAIs</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least five of the criteria above are in place. Score = 2: At least three of the criteria above are in place.</p>	<p>AFROSAI-E Handbook on Communication for SAIs</p> <p>Common Assessment Framework (CAF)</p>

SAI-6 Dimension & Minimum Criteria for Dimension Score	Key references
Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.	

SAI-7: Overall Audit Planning

ISSAI 1 emphasizes that SAIs shall audit in accordance with a self-determined programme. SAI-7 looks at the process of developing an overall audit plan/control programme, and its content.

The overall audit plan/control programme defines the audits/controls the SAI plans to conduct in a set period. It could be either an annual or multiannual plan. The overall audit plan/control programme supports the SAI in fulfilling its mandate and reaching its objectives efficiently and effectively. It is important that the overall audit plan/control programme is feasible, reflecting SAI budget and workforce.

ISSAI 40 Quality Control states that SAIs should consider their overall audit plan/control programme, and whether they have the resources to deliver the range of work to the desired level of quality. To achieve this, SAIs should have a system to prioritize their work in a way that takes into account the need to maintain quality. It is important to document the process for developing the overall audit plan/control programme.

Suggested assessment approach

The assessors need to do a comprehensive assessment of the overall audit/control planning process, and supplement this with information from the assessment of the audit/control indicators in Domain C to establish whether there exists a system in the SAI that ensures a consistent approach. Furthermore, the assessors should consider whether the system provides SAI leadership with information on whether its mandate is fulfilled in an effective manner.

Dimensions to be assessed:

- (i) Overall Audit/Control Planning Process
- (ii) Overall Audit Plan/Control Programme Content

(i) Overall Audit/Control Planning Process: The overall audit plan/control programme for the SAI describes the audits/controls the SAI will carry out. It should reflect the SAI's mandate. ISSAI 1 states that the SAI's audit/control objectives - legality, regularity, economy, efficiency and effectiveness of financial management - are all of equal importance. (ISSAI 1:4) However, it is for each SAI to determine its priorities on a case-by-case basis. To achieve this, SAIs should have a system to prioritize their work in a way that takes into account the need to maintain quality, applying a risk-based methodology to determine which audits/controls to carry out. The resources required to realise the plan have been considered and it should be clear who is responsible for, and who will implement the plan.

(ii) Overall Audit Plan/Control Programme Content: The audit plan/control programme for an SAI should cover elements such as assessment of constraints, risk assessment for prioritizing audits, available budget and human resources. The audit coverage of the SAI's mandate is covered by SAI-8.

SAI-7 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Overall Audit/Control Planning Process	

SAI-7 Dimension & Minimum Criteria for Dimension Score	Key references
<p>For effective overall audit/control planning:</p> <ul style="list-style-type: none"> a) The SAI <u>documents the process</u> followed for developing and approving the overall audit plan/control programme for the SAI. <i>SAI PMF Task Team and derived from ISSAI 100:42</i> b) The process for developing the SAI's overall audit plan/control programme identifies the SAI's audit/control <u>responsibilities from its mandate</u>. <i>SAI PMF Task T</i> c) The audit/control planning process follows a <u>risk-based methodology</u>. (<i>E.g. a systematic risk-assessment as part of the basis for selecting audit entities and approach</i>) <i>SAI PMF Task Team and derived from ISSAI 40: Element 3</i> d) There are <u>clearly defined responsibilities</u> for planning, implementing and monitoring the audit plan/control programme for the SAI. <i>SAI PMF Task Team and derived from ISSAI 40: Element 4</i> e) There is evidence that the SAI <u>monitors</u> the implementation of its audit plan/control programme. <i>SAI PMF Task Team</i> f) The audit/control planning process for the SAI takes into account the SAI's <u>expected budget</u> and resources for the period to which the plan relates. <i>SAI PMF Task Team and derived from ISSAI 40: Element 3</i> g) The SAI "should ensure that <u>stakeholders' expectations</u> and emerging risks are factored into (...) audit plans [control programme], as appropriate." <i>ISSAI 12:5</i> <p>Score = 4: All of the above criteria are in place. Score = 3: Criteria (a), (b), c) and at least two of the other criteria above are in place. Score = 2: Criteria (a), (b) and at least one of the other criteria above are in place. Score = 1: At least one of the above criteria is in place. Score = 0: None of the above criteria are in place.</p>	<p>ISSAI 12</p> <p>ISSAI 40</p> <p>ISSAI 100</p>
Dimension (ii) Overall Audit Plan/Control Programme Content	
<p>The overall audit plan/control programme or other similar reference documents:</p> <ul style="list-style-type: none"> a) Defines <u>the objective</u> of the audit/control at a high level, as well as who has the responsibility for each audit/control to be carried out. <i>SAI PMF Task Team and derived from ISSAI 40: Element 4</i> b) Includes a <u>schedule</u> for the implementation of all audits/controls. <i>Derived from ISSAI 100:48</i> c) Demonstrates that the SAI is <u>discharging its audit/control mandate</u> over a relevant timeframe as scheduled in its plan/program, or, if this is not the case, includes a summary and explanation of any differences between the SAI's mandate and the audit plan/control program for the SAI. <i>SAI PMF Task Team</i> d) Specifies the necessary human and financial <u>resources</u> to conduct the planned audits/controls. <i>SAI PMF Task Team and derived from ISSAI 100: 48</i> e) Contains an <u>assessment of risks and constraints</u> to the delivery of the plan/programme. <i>SAI PMF Task Team</i> <p>Score = 4: All of the criteria above are in place. Score = 3: Criteria (a), (b) and at least two of the other criteria above are in place. Score = 2: At least criteria (a) and (b) are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 100</p> <p>ISSAI 40</p>

Domain C: Audit Quality and Reporting

Public sector auditing has many diverse applications. The mandate of an SAI defines its responsibilities for auditing and any other functions it has. ISSAI 100 defines the fundamental principles of public sector auditing, which apply equally to all types of audits, and which SAIs should pursue on the basis of their mandate and strategies. In addition, the ISSAIs provide standards and guidance for the following types of public sector auditing:

- **Financial audit** determines whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory frameworks. This is achieved by obtaining sufficient and appropriate audit evidence to enable the auditor to express a reasonable assurance based opinion on whether the financial information is free from material misstatement, whether due to fraud or error. ISSAI 200 elaborates on this further.
- **Performance audit** assesses whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness, and whether there is room for improvement. This is achieved by examining performance against suitable criteria, and by analyzing the cause of deviations from criteria or problems. The aim is to answer key audit questions and to provide recommendations for improvement. ISSAI 300 elaborates on this further.
- **Compliance audit** determines whether a particular subject matter is in compliance with applicable authorities identified as criteria. Compliance auditing is performed by assessing whether activities, financial transactions and information are, in all material respects, in compliance with the authorities which govern the audited entity. ISSAI 400 elaborates on this further.

Jurisdictional control: Some SAIs have a jurisdictional function. The objective of jurisdictional control is to make rulings in the form of specific decisions: orders, rulings or ordinances, particularly on the personal and financial liability of public accountants. In some cases, the purpose of jurisdictional control can also be to rule on the specific liability of public managers via collegial decisions and, potentially, to sanction them for any irregularity. The exercise of jurisdictional control implies compliance with applicable standards as well as the implementation of a contradictory and mainly written procedure laid down in law and in regulations. Jurisdictional control allows the SAI to check if the public manager, under a specific liability regime set by the law and regulations, fulfilled the assigned duties bestowed by the law and regulations. If they do not fulfil their duties, public managers are held responsible. It is strictly limited to the compliance with the said duties. The principles specific to jurisdictional control for SAIs with jurisdictional functions are not described in the ISSAI framework, so criteria are rather developed on the basis of good practices pertaining to this process.

This domain aims at assessing the quality as well as the outputs of the audit/control work that is the core business of the SAI. This includes an indicator that measures the SAI's audit coverage for each of the audit disciplines, as well as for jurisdictional control.

The domain covers the three audit disciplines as they are defined in the ISSAIs, as well as jurisdictional control for SAIs with jurisdictional functions. It follows a structure where the SAI's performance in each audit discipline is measured through three indicators. The same structure applies for indicators for jurisdictional control. The structure is as follows:

1. Foundations – The indicators SAI-9, SAI-12 and SAI-15 assess audit standards and guidance, competencies, and quality management that constitute the basis for the audit work carried out. SAI-18 measures the same for jurisdictional control.
2. Process – The indicators SAI-10, SAI-13 and SAI-16 assess the quality of practices throughout the audit processes that took place during the period under review, from planning, to implementing the audits, evaluating evidence and finally reporting. SAI-19 measures the same for jurisdictional control.
3. Results – The indicators SAI-11, SAI-14 and SAI-17 capture the outputs of the audit work, and how the results of the audit work have been submitted and followed-up. SAI-20 measures the same for jurisdictional control.

Suggested Assessment Approach for Indicators in Domain C

All audits begin with objectives, and those objectives determine the type or types of audit to be performed and the applicable standards to be followed. It is necessary to identify what audit types the SAI carries out, and which indicators apply. Chapter 1.6 offers some guidance for such considerations. Further guidance is provided under the relevant indicators below. When planning the assessment, the assessment team should review this guidance and discuss with the SAI.

When assessing the indicators in this domain, it may be useful to start by reviewing the SAI's audit manuals, guidance and standards, including policies that guide the implementation of audits and describe procedures for quality management. If the SAI has recently adopted new standards or audit manuals, it is important that the assessment team consider which versions it will be appropriate to review. The source of evidence should be the standards and manuals that were actually used by the audit teams. When weaknesses in the audit work are observed, these could sometimes be explained by weaknesses in the guidance material.

Where the assessor finds the SAI's quality control and quality assurance systems to be sound, some reliance may be placed on the SAI's external and internal quality assurance reports as evidence to inform the scoring of the indicators on financial, compliance and performance audit process.

Appropriate further evidence should be obtained from a review of a sample of audits (selected randomly and stratified to cover different divisions, types of entities etc.).¹⁷ Unless otherwise specified, a criterion should be met in all audits in the sample for it to be considered met overall, though the assessor may disregard cases where a criterion was not met in a single audit within the sample if it is considered this was an exceptional case and there is convincing evidence that the criterion was generally met across most of the population. Where indicators require the assessor to review the sufficiency and appropriateness of audit evidence, assessors should review at least two planned audit procedures from each of the audits selected and form an opinion based on their professional judgment. The indicators on audit process (SAI-10, SAI-13 and SAI-16) require for the score of 4 that the SAI has undertaken a recent assessment of its compliance with ISSAIs at level 4 which confirms that it complies with all the level 4

¹⁷ Please see further guidance on sampling in section 1.6.4.

ISSAI requirements relevant to the dimension in question. If the SAI has had such a detailed assessment done, for example through its quality assurance process and/or using iCATs, the assessors should consider whether reliance may be placed on the assessment. In that context the quality of the assessment and the independence of the reviewers is important. If the assessors find that the assessment can be relied upon, they can consider using the results of that assessment to inform the scoring of the criteria in the audit process indicators.

Information to score the indicators on audit / jurisdictional control results (SAI-11, SAI-14, SAI-17, SAI-20) should ideally be taken from the SAI's management information system, or alternatively from review of a sample of audit/control files.

Performance Indicators:

SAI-8: Audit Coverage

SAI-9: Financial Audit Standards and Quality Management

SAI-10: Financial Audit Process

SAI-11: Financial Audit Results

SAI-12: Performance Audit Standards and Quality Management

SAI-13: Performance Audit Process

SAI-14: Performance Audit Results

SAI-15: Compliance Audit Standards and Quality Management

SAI-16: Compliance Audit Process

SAI-17: Compliance Audit Results

SAI-18: Jurisdictional Control Standards and Quality Management (*for SAIs with jurisdictional functions*)

SAI-19: Jurisdictional Control Process (*for SAIs with jurisdictional functions*)

SAI-20: Results of Jurisdictional Controls (*for SAIs with jurisdictional functions*)

Link with indicators in Domains A and B

The SAI PMF provides for distinct assessments of an SAI's financial, compliance and performance audit activities, as well as jurisdictional control where relevant. Before scoring indicators under this domain, assessors should consider the legal framework of the SAI to determine whether its mandate to carry out different types of audit is limited. If its mandate only permits it to conduct certain types of audit, the other indicators in Domain C should be marked as Not Applicable (NA).¹⁸

SAI-9, SAI-12, SAI-15 and SAI-18 assess the SAI's approach to auditing/jurisdictional control in terms of its overall standards and guidance for each discipline, as well as how matters of audit team management and skills, and quality control are implemented at the level of individual audits/controls. The quality of these functions at the organizational level is assessed elsewhere in the framework: quality control in SAI-4 and professional development and training in SAI-23.

¹⁸ Please see section 3.2.4 above for details on the No Score methodology.

SAI-8: Audit Coverage

The indicator measures audit coverage in each of the three audit disciplines: financial, performance and compliance audit, as well as for jurisdictional control where relevant. It provides information on the extent to which the SAI is able to audit the entities within its mandate.

Assessment of this indicator may be based on information from the SAI's management information system, completed quality assurance reviews and/or review of a sample of audits.

Dimensions to be assessed:

- (i) Financial Audit Coverage
- (ii) Coverage, Selection and Objective of Performance Audit
- (iii) Coverage, Selection and Objective of Compliance Audit
- (iv) Coverage of the Jurisdictional Control

(i) Financial Audit Coverage: The mandate of the SAI for the audit of financial statements may be defined in legislation (see Domain A *Independence and Legal Framework*). This may include audit legislation (which typically identifies the financial audit responsibilities relating to public accounts or the consolidated fund) as well as acts and other statutory instruments establishing state and local governments, and various forms of public corporations. In some cases legislation may specify the entities to be audited but may not be clear on obligations to conduct financial, compliance and performance audit activities. In these cases, assessors should consider established practices, and expectations, to determine whether financial audit is a part of the SAI's mandate and whether the financial audit indicators are applicable. Legislation sometimes provides for the outsourcing of financial audit. In this case, the assessor should determine whether the SAI has responsibility over the quality of the audits: if so, the dimension should be applied. In the case that the SAI is responsible for the quality of outsourced audits but does not have access to all or part of the outsourced audit files, all criteria which cannot be scored for this reason should be scored as not in place.

Regardless of who undertakes the audits, SAIs should ensure that all financial statements submitted to the SAI for audit and within its mandate (i.e. excluding requests for additional audits outside the SAI's mandate, but including any audits where the SAI has accepted a role as the appointed auditor) are audited within any relevant statutory timeframes (or within six months of receipt of the financial statements, should no statutory timeframes exist). Preparation and submission of financial statements is normally outside the SAI's direct control. In the event that financial statements that are within the SAI's mandate to audit are not submitted to the SAI by those responsible, it cannot undertake the financial audit, but should as a minimum report to those responsible and to the public on the non-submission of financial statements.

Note that in some countries, the SAI's financial audit mandate could be only the Government consolidated financial statements. The score will therefore be either 4 (if these are audited) or 0 (if they are not audited). If these consolidated financial statements are not received, and therefore cannot be

audited, the dimension should be given a score of 0 if the SAI does not report publicly on the non-submission of financial statements, and considered Not Applicable (NA) if the SAI does.

(ii) Coverage, Selection and Objective of Performance Audit: As the SAI's legal mandate for performance audit is often wide and the scope of performance audit is flexible, it is challenging to measure audit coverage for performance audit. SAs need to determine on a case-by-case basis how they choose to prioritize between the different types of audit (ISSAI 1:4). Therefore, the audit coverage dimension for performance audit focuses on whether the SAI's processes for selecting audit topics enable it to select audits which cover significant issues and that are likely to have an impact. Having impact refers to whether the audits are likely to significantly improve the conduct of government operations and programmes, e.g. by lowering costs and simplifying administration, enhancing the quality and volume of services, or improving effectiveness, impact or the benefits to society (ISSAI 300:40). In selecting issues to be audited, auditors may use formal techniques such as risk analysis or problem assessments, but must also apply professional judgment.

(iii) Coverage, Selection and Objective of Compliance Audit: It can be challenging to measure audit coverage for compliance audit, as mandates for compliance audit may not clearly define the nature of mandatory audit activities, and the scope of compliance audits may vary substantially. In addition, many SAs lack the resources and internal capacity to undertake compliance audit of each audited entity within its mandate every year. There should therefore be a mechanism established in the SAI which ensures that the selection of entities to be audited in a given year is based on a clear and documented sampling approach which gives due consideration to the risks associated with the entity and materiality, as well as the SAI's available resources. The process should ensure that all entities within the SAI's mandate are audited within a reasonable period of time, to provide a basis for accountability and maintain an expectation of oversight.

The dimension therefore measures how the SAI selects the entities that will be subject to compliance audit in a given year, and then measures to what degree the SAI was able to carry out these planned activities. In addition, it measures the percentage of central government entities that were subject to a compliance audit in the year under review, and whether the SAI's audits covered important topics, such as government procurement, payroll and revenue collection.

The scope of individual compliance audits will be determined by the mandate of the SAI, the subject matter to be audited, the applicable authorities, the level of assurance to be provided, and a consideration of materiality and risk. This is assessed in SAI-16 *Compliance Audit Process*.

(iv) Coverage of the Jurisdictional Control: The missions of the SAI to carry out jurisdictional control are generally laid down in law. The law defines the competence of the SAI: entities, public managers (including accountants), irregularities concerned and their consequences. The law defines the process for prosecuting irregularities.

Within this legal framework, the SAI sets its rules of jurisdictional controls' programming. The purpose of those rules is to ensure that:

- The jurisdictional control of all the accounts under the SAI authority is carried out within a reasonable time period
- The judgment of all the accounts and any establishment of charges by the SAI occur within a reasonable time period
- The inventory of accounts awaiting judgment by the SAI remains stable or is reduced
- The stability of the financial amount of these accounts awaiting judgment by the SAI. This element must however consider current inflation.
- If existing, the periods of prescription for judgment including verification of accountants, are respected.

An SAI may not have the internal resources and capacities to conduct a jurisdictional control of every entity under its authority annually. In such cases, the SAI must plan and programme its jurisdictional control in a manner that allows the majority of these entities to be subject to jurisdictional control within a defined time period. The remaining entities are sampled, based on the level of risk they represent.

The decision to conduct a jurisdictional control and the scope of investigation are determined by the SAI's mission, the results of previous control and the risk assessment. This aspect is assessed in SAI-19 *Jurisdictional Control Process*. Every jurisdictional control may focus on a specific theme or deal with the totality of the controlled entity's operations.

SAI-8 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Financial Audit Coverage	
<p>Score = 4: In the year under review, <u>100 %</u> of financial statements received (and required to be audited under the mandate of the SAI) were audited; and the SAI reported publicly on any non-submission of financial statements due. <i>ISSAI 1:18, SAI PMF Task Team.</i></p> <p>Score = 3: In the year under review, <u>at least 75 %</u> of financial statements received (and required to be audited under the mandate of the SAI) were audited, including the consolidated fund / public accounts (or where there is no consolidated fund, the three largest Ministries); and the SAI reported publicly on any non-submission of financial statements due. The selection of financial statements for audit was based on considerations of risk, materiality, mandate and SAI competence and resources. <i>ISSAI 1:18, ISSAI 40: pg. 8, SAI PMF Task Team.</i></p> <p>Score = 2: In the year under review, <u>at least 50 %</u> of financial statements received (and required to be audited under the mandate of the SAI) were audited, including the consolidated fund / public accounts (or where there is no consolidated fund, the three largest Ministries); and the SAI reported to those responsible on any non-submission of financial statements due. The selection of financial statements for audit was based on considerations of risk, materiality, mandate and SAI competence and resources. <i>ISSAI 1:18, ISSAI 40: pg. 8, SAI PMF Task Team.</i></p> <p>Score = 1: In the year under review, <u>at least 25 %</u> of financial statements received (and required to be audited under the mandate of the SAI) were audited. <i>ISSAI 1:18, SAI PMF Task Team.</i></p> <p>Score = 0: In the year under review, <u>less than 25 %</u> of financial statements received (and required to be audited under the mandate of the SAI) were audited. <i>ISSAI 1:18, SAI PMF Task Team.</i></p>	<p>ISSAI 1</p> <p>ISSAI 40</p>

SAI-8 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (ii) Coverage, Selection and Objective of Performance Audits	
<p>a) The SAI has set priorities for performance auditing based on the notion that economy, efficiency and effectiveness are audit objectives of <u>equal importance</u> to the legality and regularity of financial management and accounting. <i>ISSAI 1:4</i></p> <p>b) "Performance audit focuses on whether interventions, programmes and institutions are performing in accordance with the principles of <u>economy, efficiency and effectiveness</u> and whether there is room for improvement." <i>ISSAI 100:22</i></p> <p>c) Audit topics are selected "through the SAI's strategic [and/or operational] <u>planning process</u> by analysing potential topics and conducting research to identify risks and problems." <i>ISSAI 300:36. See also ISSAI 3000:89.</i></p> <p>d) "SAIs should ensure that <u>stakeholders' expectations and emerging risks</u> are factored into (...) audit plans, as appropriate." <i>ISSAI 12:5</i></p> <p>e) "In [the planning] process, auditors [and the SAI] should consider that <u>audit topics</u> should be sufficiently <u>significant</u> (...)" <i>ISSAI 300:36. See also ISSAI 3000:90.</i></p> <p>f) "In [the planning] process, auditors [and the SAI] should consider that audit topics should be (...) <u>auditable and in keeping with the SAI's mandate</u>." <i>ISSAI 300:36. See also ISSAI 3000:90.</i></p> <p>g) "The topic selection process should aim to <u>maximise the expected impact</u> of the audit while taking account of audit capacities (e.g. human resources and professional skills)." <i>ISSAI 300:36. See also ISSAI 3000:91.</i></p> <p>h) During the past five years, the SAI has issued reports covering at least six of the following <u>sectors/topics</u>: <i>SAI PMF Task Team. See also ISSAI 12:5, ISSAI 300:36.</i></p> <ul style="list-style-type: none"> – Defence – Education – Environment – Health – Infrastructure – National economic development – Revenue collection – Significant public sector reform programs – Public finance and public administration – Social security and labour market <p>Score = 4: All the criteria above are in place. Score = 3: At least six of the criteria above are in place. Score = 2: At least four of the criteria above are in place. Score = 1: At least two of the criteria above are in place. Score = 0: Less than two of the criteria above are in place.</p>	<p>ISSAI 1</p> <p>ISSAI 12</p> <p>ISSAI 100</p> <p>ISSAI 300</p>
Dimension (iii) Coverage, Selection and Objective of Compliance Audit	
<p>a) The <u>audit plan</u> for the year under review identifies entities within the SAI's mandate that will be subject to compliance audit in the given year.</p> <p>b) The <u>selection of entities</u> to be audited was based on a systematic and documented assessment of risk and materiality, and took into account the SAI's available resources. <i>Derived from ISSAI 40: pg. 8, ISSAI 100:41</i></p> <p>c) The process of selecting entities ensures that <u>all entities</u> within the SAI's mandate are audited during the course of a reasonable period of time. <i>Derived from ISSAI 1:18</i></p> <p>d) During the past three years <u>topics addressed</u> through audits have included at least one of the following: <i>Derived from ISSAI 12:5</i></p> <ul style="list-style-type: none"> I. Government procurement II. Payroll 	<p>ISSAI 1</p> <p>ISSAI 12</p> <p>ISSAI 40</p> <p>ISSAI 100</p>

SAI-8 Dimension & Minimum Criteria for Dimension Score	Key references
<p>III. Revenue collection</p> <p>Score 4 = All the criteria above are in place, including all sub-criteria under d). During the year under review, all entities identified in the plan for that year and at least 75 % of central government entities were subject to compliance audit. <i>SAI PMF Task Team</i></p> <p>Score 3 = All the criteria above are in place. During the year under review, 75 % of entities identified in the plan for that year and at least 50 % of central government entities were subject to compliance audit. <i>SAI PMF Task Team</i></p> <p>Score 2 = Criteria a) and b) above are in place. During the year under review, 50 % of entities in the plan for that year and at least 50 % of central government entities were subject to compliance audit. <i>SAI PMF Task Team</i></p> <p>Score 1 = Criterion a) above is in place. During the year under review, at least 25 % of central government entities were subject to compliance audit. <i>SAI PMF Task Team</i></p> <p>Score 0 = During the year under review, less than 25 % of the central government entities were subject to compliance audit. <i>SAI PMF Task Team</i></p>	
Dimension (iv) Coverage of the Jurisdictional Control	
<p><i>Note: Criteria e) and f) only apply for SAIs in which the Public Prosecutor's office is part of the SAI. If not, the scoring will only include criteria a) to d).</i></p> <p>a) The average ratio for stock of accounts at 31/12/Y to stock of accounts at 31/12/Y-1 is equal to or less than one.</p> <p>b) The average ratio of financial value of stock of accounts at 31/12/Y to financial value of stock of accounts at 31/12/Y-1 is equal to or less than one.</p> <p>c) The percentage of accounts judged against total number of accounts scheduled for judgement.</p> <p>d) The percentage of financial value of accounts judged against financial value of accounts scheduled for judgement.</p> <p>e) The ratio of stock of submissions to the Public Prosecutor not processed by 31/12/Y, to the stock of submissions to the Public Prosecutor not processed by 31/12/Y-1, is equal to or less than one.</p> <p>f) The ratio of stock of cases awaiting a judgement by 31/12/Y, to the stock of cases awaiting a judgement by 31/12/Y-1 is equal to 1 or lower.</p> <p>Score = 4: Criteria a), b), e) and f) are in place. The average percentage of criteria c) and d) are 80 % or higher.</p> <p>Score = 3: Criteria a) and b) are in place. The average score of either c) or d) is 80% or higher, while the average score of c) or d) is 70%, and either e) or f) is in place.</p> <p>Score = 2: Criteria a) and b) are in place. Average percentage for criteria c) and d) are 60% or higher, and criteria e) and f) are in place.</p> <p>Score = 1: Criteria a) or b) are in place. Either c) or d) is higher than 60 % while the other is 50 % or higher.</p> <p>Score = 0: Criteria a) and b) are not met. [In practice scoring of the other criteria is not relevant.]</p>	

Financial Audit Introduction

Purpose and Objective of Financial Auditing

“The *purpose* of an audit of financial statements is to enhance the degree of confidence of intended users in the financial statements. This is achieved by the expression of an opinion by the auditor on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.” (ISSAI 200:16)

“In conducting an audit of financial statements, the overall *objectives* of the auditor are:

- a) To obtain *reasonable assurance* about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework; and
- b) To report on the financial statements, and communicate the results of the audit, in accordance with the auditor’s findings.” (ISSAI 200:17)

Reasonable Assurance Engagements

Audits conducted in accordance with ISSAI 200 are reasonable, not limited, assurance engagements.

An audit of financial statements in accordance with the ISSAIs is a reasonable assurance engagement. Reasonable assurance audits are designed to result in a positive form of expressing a conclusion, such as ‘in our opinion the financial statements presents fairly, in all material respects (or give a true and fair view of)’ . (ISSAI 200: 38)

“Limited assurance engagements, such as review engagements, are not covered at present by the ISSAIs on financial audits. Such engagements provides a lower level of assurance than a reasonable assurance engagement, and are designed to result in a negative form of expression of a conclusion, such as ‘nothing has come to our attention that would cause us to believe that the financial statements are not presented fairly in all material respects’ .” (ISSAI 200:39)

Preconditions for an audit of financial statements in accordance with the ISSAIs

“A financial audit conducted in accordance with ISSAIs is premised on the following conditions:

- The financial reporting framework used for preparation of the financial statements is deemed to be acceptable by the auditor.
- Management of the entity acknowledges and understands its responsibility” [for preparing financial statements, maintaining adequate internal controls, and providing the auditor with unrestricted access to all relevant information]. (ISSAI 200:19)

Without an acceptable financial reporting framework, the auditor does not have suitable criteria for auditing the financial statements. ISSAI 1210, appendix 2, provides assistance for the auditor in determining whether the financial reporting framework is acceptable. An acceptable financial reporting framework results in information in the financial statements that is relevant, complete, reliable, neutral and understandable for the intended users. Where the auditor determines the financial reporting framework to be unacceptable, the auditor may anyway accept such framework, if:

- “The management agrees to provide the necessary additional disclosures in the financial statements to avoid their being misleading and,
- The auditor’s report on the financial statements includes an Emphasis of Matter paragraph, drawing users’ attention to such additional disclosures.

If the above conditions are not met, the auditor should evaluate the effect of the misleading nature of the financial statements on the auditor’s report and the opinion, and consider the need to inform the legislature about the matter.” (ISSAI 200:23)

How to determine if the audit activity is financial audit

The assessor should consider whether the type of audit work carried out by the SAI is financial auditing. The key characteristic of financial auditing, as defined in ISSAI 100, is determining whether an entity’s financial information is presented in accordance with the applicable financial reporting and regulatory frameworks. Audits where the primary focus of the audit is on compliance with applicable authorities¹⁹ should be covered under the indicators on compliance audit. Financial audits undertaken when the SAI considers the financial reporting framework to be unacceptable may still be covered under this indicator, but are subject to the additional criteria that the SAI does not refer to the ISSAIs on financial audit in its report or opinion.

ISSAI 200 (paragraph 25) provides the fundamental principles relevant for an audit of a complete set of financial statements. ISSAI 200 can also be applied for other financial audits, including the audit of single financial statements, financial statements prepared on a cash accounting basis, items of a financial statement, and financial statements prepared in accordance with special purpose financial reporting frameworks (including budget execution reports). For such audits, the guidance in ISSAIs 1800, 1805 and 1810, as well as the fundamental principles on compliance and performance auditing, may also be relevant.

Financial audit of budget execution reports. ISSAI 200 paragraph 25 states that:

“In some public sector audit environments, financial audits are referred to as budget execution audits, which often include the examination of transactions against the budget for compliance and regularity issues (...). In such audit environments there is often a lack of an acceptable financial reporting framework. The result of financial transactions may be presented in the format of expenditure amounts compared to budgetary figures. In environments where such audits are undertaken and there are no financial statements presented in accordance with an acceptable financial reporting framework, the auditor may conclude that the underlying preconditions of an audit in accordance with the ISSAIs on financial audit are not in place. Auditors in such environments may consider developing standards using the fundamental principles on financial auditing as guidance to suit their specific needs.”

¹⁹ Rules, laws and regulations, budgetary resolutions, policy, established codes, agreed terms or general principles of sound public sector financial management and conduct of public sector officials.

Where the focus of the audit is on compliance with applicable authorities, ISSAI 400 Fundamental Principles of Compliance Auditing may be a relevant source of information for the development of appropriate audit standards. Where the auditor needs to determine whether the financial statements are prepared on the basis of an acceptable special purpose financial reporting framework, guidance in ISSAI 1210 Appendix 2, as well as guidance in ISSAIs 1800, 1805 and 1810 on special purpose frameworks, should be applied.

ISSAI 200 *Fundamental Principles of Financial Auditing* provides SAs with a basis for the adoption or development of standards and guidelines for financial auditing. They can be used in three ways (ISSAI 200:10):

- “To form the basis on which standards are developed.
- To form the basis on which consistent national standards are adopted.
- To form the basis for adoption of the Financial Audit Guidelines (ISSAI 1000-1810) as the authoritative standards.”

“Reference to ISSAI 200 in audit reports or the auditor’s report should only be made if auditing standards have been developed or adopted that fully comply with all relevant principles of ISSAI 200.” (ISSAI 200:11)

SAI-9: Financial Audit Standards and Quality Management

This indicator is specific to the fundamental principles of financial auditing. SAI-9 assesses the SAI's approach to financial auditing in terms of its overall standards and guidance for financial auditing, as well as how matters of audit team management and skills and quality control are implemented at the audit engagement level. The quality of these functions at the organizational level is assessed in the indicators on quality control in SAI-4, and professional development and training in SAI-23.

Dimensions to be assessed:

- (i) Financial Audit Standards and Policies
- (ii) Financial Audit Team Management and Skills
- (iii) Quality Control in Financial Audit

(i) Financial Audit Standards and Policies: This examines whether the SAI's adopted audit standards are in line with the fundamental principles of financial auditing as reflected in ISSAI 200. It further looks at whether the SAI has put in place policies and procedures for its auditors which interpret the standards in the context of the individual SAI. Such policies and procedures may be found in different documents, e.g. audit manuals. They should be documented in writing.

(ii) Financial Audit Team Management and Skills: The dimension examines whether the SAI has established a system for ensuring that the members of the audit team collectively possess the professional competence and skills necessary to carry out the audit in question as ISSAI 200 requires. It also looks at what support the SAI provides to its auditors in the audit process. To score the dimension, the assessors may look at the SAI's policies and procedures for composing audit teams, as well as guidance material and other support provided to the auditors. To verify that the system of audit team composition is implemented in practice, the assessors may examine planning documentation for the sample of audits.

(iii) Quality Control in Financial Audit: This examines how quality control measures for financial audit have been implemented in practice, as evidenced through a review of audit files. Quality control of the audit process describes the sum of the measures taken to ensure the high quality of each audit product, and is carried out as an integrated part of the audit process. The quality control procedures at the engagement level should provide reasonable assurance that the audit complies with professional standards, applicable legal and regulatory requirements, and that the auditor's report is appropriate in the circumstances. (ISSAI 200:42). Several individuals may be involved in quality control, and at several stages of the audit process. Line managers and team leaders often have a key role to play, as they review draft plans, audit work and the draft report before the audit is finalized. Please note that the SAI's system of quality control at the organizational level is measured elsewhere in the framework (SAI-4 (iii)).

SAI-9 Dimension & Minimum Criteria for Dimension Score	Key References
Dimension (i) Financial Audit Standards and Policies	

SAI-9 Dimension & Minimum Criteria for Dimension Score	Key References
<p>SAI should adopt the Financial Audit Guidelines (ISSAI 1000-1810) as its standards, or develop or adopt national <u>audit standards</u> based on, or consistent with ISSAI 200 <i>Fundamental Principles of Financial Audits</i>. ISSAI 200:10. Adoption of standards consistent with ISSAI 200 can be considered to fulfil all the following criteria:</p> <ul style="list-style-type: none"> a) "The auditor should assess whether the <u>preconditions</u> for an audit of financial statements have been met." ISSAI 200:18 (I.e. <i>acceptable financial reporting framework and management acknowledges its responsibilities</i>). ISSAI 200:19 b) "The auditor should reduce audit risk to an acceptably low level in the circumstances of the engagement to obtain <u>reasonable assurance</u> as the basis for a positive form of expression of the auditor's opinion." ISSAI 200:49 c) "The auditor should apply the concept of <u>materiality</u> appropriately when planning and performing the audit." ISSAI 200:58 d) "The auditor should prepare audit <u>documentation</u> that is sufficient to enable an experienced auditor, with no previous connection with the audit, to understand the nature, timing and extent of the audit procedures performed (...), the results (...) and the audit evidence obtained." ISSAI 200:70 e) "The auditor should, after determining the appropriate person(s) within the audited entities governance structure (...) <u>communicate</u> with those persons regarding the planned scope and timing of the audit and significant findings from the audit." ISSAI 200:64 f) "The auditor should agree (...) the <u>terms of the audit engagement</u> with management or those charged with governance, as appropriate." ISSAI 200:74 g) "The auditor should develop an overall <u>audit strategy</u> that includes the scope, timing and direction of the audit, and an audit plan which directs the audit." ISSAI 200:80 h) "The auditor should properly <u>plan the audit</u> to ensure that it is conducted in an effective and efficient manner." ISSAI 200:82 i) "The auditor should have an <u>understanding of the audited entity</u> and its environment, including internal control procedures that are relevant to the audit." ISSAI 200:85 j) "The auditor should <u>assess the risks of material misstatement</u> at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures to provide a basis for performing further audit procedures." ISSAI 200:92 k) "The auditor should respond appropriately to address the assessed risks of material misstatement in the financial statements." ISSAI 200:97 (I.e. <i>design audit tests such as tests of controls and substantive procedures including tests of detail and substantive analytical procedures, considering the assessed inherent and control risks related to material misstatement at the assertion level</i>) ISSAI 200:98 l) "The auditor should design and perform <u>substantive procedures</u> for each material class of transactions, account balance, and disclosure, irrespective of the assessed risks of material misstatement." ISSAI 200:102 m) "The auditor should identify and assess the <u>risks (...) due to fraud</u> and obtain sufficient appropriate audit evidence regarding the assessed risks (...) due to fraud, and respond appropriately to fraud or suspected fraud identified during the audit." ISSAI 200:104 	ISSAI 200

SAI-9 Dimension & Minimum Criteria for Dimension Score	Key References
<p>n) "The auditor should identify the <u>risks (...) due to direct and material non-compliance with laws and regulations</u> [and] obtain sufficient appropriate audit evidence regarding compliance with those laws and regulations." ISSAI 200:118</p> <p>o) "The auditor should perform audit procedures in such a way as to enable the auditor to obtain <u>sufficient appropriate audit evidence</u> to be able to draw conclusions on which to base the auditor's opinion." ISSAI 200:126</p> <p>p) "The auditor should <u>accumulate misstatements</u> identified during the audit, and communicate with management and those charged with governance as appropriate on a timely basis all misstatements accumulated during the course of the audit." ISSAI 200:139 (I.e. The auditor needs to determine whether the uncorrected misstatements are material, individually or in aggregate). ISSAI 200:142</p> <p>q) "The auditor should form an <u>opinion</u> based on an evaluation of the conclusions drawn from the audit evidence obtained, whether the financial statements as a whole are prepared in accordance with the applicable financial reporting framework. The opinion should be expressed clearly through a written <u>report</u> that also describes the basis for that opinion." ISSAI 200:143</p> <p>r) <i>Where relevant:</i> "Auditors engaged to audit group financial statements should obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the <u>whole of government financial statements</u> are prepared, in all material respects, in accordance with the applicable financial reporting framework." ISSAI 200:182</p> <p>The SAI has also adopted <u>policies and procedures</u> about how it has chosen to implement its audit standards, which should cover the following:</p> <p>s) How to "(...) determine <u>materiality</u> for the financial statements as a whole (...), the materiality level or levels to be applied to (...) particular classes of transactions, account balances or disclosures." ISSAI 200:59 "The auditor should also determine performance materiality." ISSAI 200:60 (Including assessment of materiality by value, nature and context) ISSAI 100:41</p> <p>t) "Requirements on the auditor in relation to documentation in the following areas: the timely preparation of audit <u>documentation</u>; the form, content and extent of audit documentation; (...) the assembly of the final audit file." ISSAI 200:72</p> <p>u) "The nature, timing and <u>extent of audit procedures</u> (...) based on and (...) responsive to the assessed risks of material misstatement at the assertion level." ISSAI 200:99 (If necessary including an approach to calculating minimum planned sample sizes in response to materiality and risk assessments, based on an underlying audit model).</p> <p>v) "When adopting or developing audit standards, SAIs also consider the necessity for requirements to obtain <u>sufficient and appropriate audit evidence</u> in relation to:</p> <ul style="list-style-type: none"> I. The use of external confirmations as audit evidence II. Audit evidence when using analytical procedures and different audit sampling techniques III. Audit evidence when using the work of internal audit functions (...) 	

SAI-9 Dimension & Minimum Criteria for Dimension Score	Key References
<p>IV. Audit evidence when using external experts." ISSAI 200:132</p> <p>Score = 4: Criteria (b), (c), (p), (q) and at least sixteen of the other criteria above are in place.</p> <p>Score = 3: Criteria (b), (c), (q) and at least twelve of the other criteria above are in place.</p> <p>Score = 2: Criteria (b), (c) and at least eight of the other criteria above are in place.</p> <p>Score = 1: Criteria (b) and at least four of the other criteria above are in place.</p> <p>Score = 0: Less than five of the criteria above are in place.</p>	
Dimension (ii) Financial Audit Team Management and Skills	
<p>The SAI has established a <u>system</u> to ensure that the "engagement team (...) <u>collectively</u> have the appropriate competence and capabilities", including: ISSAI 200:46</p> <ul style="list-style-type: none"> a) "Understanding and practical <u>experience</u> of audit engagements of a similar nature and complexity through appropriate training and experience." ISSAI 200:47 b) "Understanding of <u>professional standards</u> and the applicable legal and regulatory requirements." ISSAI 200:47 c) "<u>Technical expertise</u>, including expertise with relevant information technology and specialized areas of accounting or auditing." ISSAI 200:47 d) "<u>Knowledge of relevant industries</u> [sectors] in which the audited organization operates." ISSAI 200:47 e) "Understanding of the SAI's <u>quality control</u> policies and procedures." ISSAI 200:47 f) "(...) An understanding of the applicable <u>reporting</u> arrangements." ISSAI 200:47 g) The system ensures that the knowledge, skills and expertise required for conducting the financial audit are <u>identified</u>. SAI PMF Task Team h) The system ensures that there are <u>clear reporting lines</u> and allocation of responsibilities within the team. SAI PMF Task Team <p>The SAI also provides <u>support to its auditor teams</u> on the following: (E.g. in the form of audit manuals and other guidance material, continuous on-the-job training and professional development, access to experts and/or information from external sources.)</p> <ul style="list-style-type: none"> i) Developing the overall <u>audit strategy</u> ISSAI 200:81 and the <u>audit plan</u>, including "The nature, timing and extent of planned risk assessment procedures; [and] the nature, timing and extent of planned further audit procedures at the assertion level." ISSAI 200:83 j) How to evaluate the overall <u>internal control environment</u>, including for example "consideration of the audited organization's communication and enforcement of integrity and ethical values, commitment to competence, participation by those charged with governance, management's philosophy and operating style, organizational structure, existence and level of internal audit activity, assignment of authority and responsibility and human resource policies and practices." ISSAI 200:87 k) How to gain an "understanding of <u>internal control</u> relevant to financial reporting (...)." ISSAI 200:90 l) "(...) Assess[ing] the <u>risks of material misstatements</u> (...) at both the financial statement level and at the assertion level" ISSAI 200:92", including "due to <u>fraud</u>" 	ISSAI 200

SAI-9 Dimension & Minimum Criteria for Dimension Score	Key References
<p><i>ISSAI 200:104 and “due to (...) <u>non-compliance with laws and regulations</u>.” ISSAI 200:118</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: Criteria (a), (i) and at least seven of the other criteria above are in place. Score = 2: Criterion (a) and at least five of the other criteria above are in place. Score = 1: At least three of the above criteria are in place. Score = 0: Less than three of the above criteria are in place.</p>	
Dimension (iii) Quality Control in Financial Audit	
<p>a) “All work carried out should be subject to <u>review</u> as a means of contributing to quality and promoting learning and personnel development.” <i>ISSAI 40: pg 11 (I.e. including review of the audit plan, working papers and the work of the team, and regular monitoring of progress of the audit by appropriate levels of management. The review should help ensure that the audit complies with professional standards and the applicable legal and regulatory requirements, and that the auditor’s report is appropriate in the circumstances.) ISSAI 200:42, SAI PMF Task Team</i></p> <p>b) “Where difficult or <u>contentious matters</u> arise, SAIs should ensure that appropriate resources (such as technical experts) are used to deal with such matters.” <i>ISSAI 40: pg 11</i></p> <p>c) “(...) any <u>differences of opinion</u> within the SAI are clearly documented and resolved before a report is issued (...).” <i>ISSAI 40: pg 12</i></p> <p>d) “SAIs should recognize the importance of <u>engagement quality control reviews</u> for their work and [where carried out] matters raised should be satisfactorily resolved before a report is issued.” <i>ISSAI 40: pg 12 (I.e. the SAI should have a policy on whether and when to perform reviews of the whole audit by experts not involved in the audit, prior to report issuance – note this is part of quality control and not quality assurance)</i></p> <p>e) “(...) Procedures are in place for <u>authorizing reports</u> to be issued.” <i>ISSAI 40: pg 12 (I.e. Carry out quality control review of draft reports; normally including review by different levels of management and possibly discussions with staff in the unit and/or external experts).</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least three of the criteria above are in place. Score = 2: At least two of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	ISSAI 40

SAI-10: Financial Audit Process

The indicator looks at how financial audits are carried out in practice. It examines the planning phase, the implementation phase and the reporting phase. The scoring of this indicator should mainly be done on the basis of a review of a sample of financial audit files from the year under review. Evidence may also be taken from the SAI's own quality assurance reports, where the assessor is content that these may be relied upon. It may also be helpful to interview the audit teams that conducted the sampled audits. As a rule, the issues covered by the criteria should be documented for the criteria to be considered met, for example in the audit plan, in the working papers, or in the audit report.

Please also refer to Annex 1 for definitions and explanations of key terms.

Link to assessments of the SAI's compliance with level 4 ISSAIs

It is good practice for SAIs to carry out detailed quality assurance reviews of their audit work. If SAIs report that they have conducted financial audits in accordance with ISSAIs 1000-1810 (or in accordance with the ISAs), they should have a system in place to ensure they comply with the ISSAIs at level 4. To encourage such reviews and accommodate cases where an SAI has carried out an assessment of its compliance with the ISSAIs at level 4, the score of 4 in the audit process indicators in SAI PMF (SAI-9, SAI-12 and SAI-15) requires that the SAI has carried out such a review, and that the review confirmed that the SAI complied with all the relevant requirements at level 4. It is for the assessor to determine whether any non-compliance issues noted in such assessments relate primarily to the planning, implementing or reporting dimensions in the SAI PMF. This will make it easier for SAIs to rely on the results of any previous assessments when scoring the indicators in the SAI PMF.

If the SAI has not conducted its audits in accordance with the level 4 ISSAIs, but rather based its audits on standards consistent with the fundamental principles of financial auditing (level 3 ISSAIs: ISSAI 200), the detailed criteria below can be used to assess and score the SAI's financial audit processes.

Dimensions to be assessed:

- (i) Planning Financial Audits
- (ii) Implementing Financial Audits
- (iii) Evaluating Audit Evidence, Concluding and Reporting in Financial Audits

Each dimension sets out criteria for planning, implementation and evaluating, concluding and reporting respectively as they are established by the principles of ISSAI 200. The sample of audit files is the basis for assessing the criteria in the dimension, please also see the introduction to Domain C.

SAI-10 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Planning Financial Audits	
a) <i>Where relevant:</i> For environments that do not have authorized or recognized standard setting organizations or <u>financial reporting frameworks</u> prescribed by law or regulation, the auditor determines whether the financial reporting framework is acceptable (<i>i.e. through application of ISSAI 1210, appendix 2</i>) ISSAI 200:24	ISSAI 200 ISSAI 30

SAI-10 Dimension & Minimum Criteria for Dimension Score	Key references
<p>b) “The auditor should determine <u>materiality</u> for the financial statements as a whole (...), the materiality level or levels to be applied to (...) particular classes of transactions, account balances or disclosures” <i>ISSAI 200:60</i> and “should also determine performance materiality.” <i>ISSAI 200:61 (including assessment of materiality by value, nature and context) ISSAI 100:41</i></p> <p>c) “The auditor should identify the appropriate contact person(s) within the audited entity’s governance structure and <u>communicate</u> with them regarding the planned scope and timing of the audit (...)” <i>ISSAI 200:64</i> and “(...) should agree (...) the <u>terms of the audit engagement</u> with management or those charged with governance.” <i>ISSAI 200:74</i></p> <p>d) “The auditor should develop an overall <u>audit strategy</u> that includes the scope, timing and direction of the audit (...)” <i>ISSAI 200:80</i>, “the nature, timing and extent of resources necessary to carry out the engagement” <i>ISSAI 200:81</i> and “<u>plan the audit</u> properly to ensure that it is conducted in an effective and efficient manner” <i>ISSAI 200:82</i> including “the nature, timing and extent of planned risk assessment procedures; [and] the nature, timing and extent of planned further audit procedures at the assertion level.” <i>ISSAI 200:83</i></p> <p>e) “The auditor should have an <u>understanding of the audited entity</u> and its environment (...)” <i>ISSAI 200:85</i></p> <p>f) The auditor should evaluate the overall <u>internal control environment</u>. <i>ISSAI 200:87</i></p> <p>g) The auditor should gain an “(...) understanding of <u>internal control</u> relevant to financial reporting (...)” <i>ISSAI 200:90</i></p> <p>h) “The auditor should <u>assess the risks</u> of material misstatement at the financial statement level (...)” <i>ISSAI 200:92</i></p> <p>i) “The auditor should identify and assess the risks of material misstatement of the financial statements due to <u>fraud</u> (...)” <i>ISSAI 200:104</i></p> <p>j) “The auditor should identify the risks of material misstatement of the financial statements due to (...) material <u>non-compliance with laws and regulations</u>.” <i>ISSAI 200:118</i></p> <p>k) The SAI has established a system to ensure that, at the audit engagement level, its auditors [and any contractors] <u>comply with the following ethical requirements</u>: integrity, independence and objectivity, competence, professional behaviour, confidentiality and transparency. <i>ISSAI 30 (E.g. by avoiding long-term engagements with the same audited entity, and requiring appropriate declarations from staff in relation to ethics and independence)</i></p> <p>Score = 4: An independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the SAI’s financial audit practice has confirmed that the SAI complies with <u>all</u> the level 4 ISSAI requirements relevant to this dimension (including all the above criteria).</p> <p>Score = 3: Criteria (b), (h) and at least six of the other criteria above are in place.</p> <p>Score = 2: Criteria (h) and at least four of the other criteria above are in place.</p> <p>Score = 1: At least two of the criteria above are in place.</p> <p>Score = 0: Less than two of the criteria above are in place.</p>	
Dimension (ii) Implementing Financial Audits	

SAI-10 Dimension & Minimum Criteria for Dimension Score	Key references
<p>a) The auditor “<u>respon[ds] to assessed risks</u> [by] designing audit procedures (...) such as substantive procedures and tests of controls.” <i>ISSAI 200:98</i> “The nature, timing and extent of audit procedures are based on and are responsive to the assessed risks (...) includ[ing] the inherent risk (...) and the control risk.” <i>ISSAI 200:99</i> Where the SAI has adopted policies and procedures regarding an approach to calculating minimum planned sample sizes in response to materiality and risk assessments, these are followed in practice.</p> <p>b) “The auditor should (...) obtain sufficient appropriate audit evidence regarding the assessed risks of <u>material misstatement due to fraud</u> and should respond appropriately to fraud or suspected fraud identified during the audit.” <i>ISSAI 200:104</i></p> <p>c) “The auditor should obtain sufficient appropriate audit evidence regarding <u>compliance with the laws and regulations</u> that are generally recognized to have a direct and material effect on the determination of material amounts and disclosures in financial statements.” <i>ISSAI 200:118</i></p> <p>d) <i>Where relevant</i>: During their audits, SAIs “obtain sufficient and appropriate audit evidence in relation to:</p> <ul style="list-style-type: none"> • The use of external confirmations as audit evidence; • Audit evidence from analytical procedures and different audit sampling techniques (...); • Audit evidence from using the work of internal audit functions (...); • Audit evidence from external experts (...).” <i>ISSAI 200:132</i> <p>e) <i>Where relevant</i>: “Auditors engaged to audit [<u>whole of government financial statements</u>] should obtain sufficient appropriate audit evidence regarding the financial information of all components and the consolidation process to express an opinion (...).” <i>ISSAI 200:182</i></p> <p>f) “(...) Audit procedures [were performed] in such a way as to obtain <u>sufficient appropriate audit evidence</u> and thus draw conclusions on which to base the auditor’s opinion.” <i>ISSAI 200:126</i></p> <p>g) <u>All planned audit procedures were performed</u>, or where planned audit procedures were not performed, an explanation as to why not is retained on the audit file and this has been approved by those responsible for the audit. <i>SAI PMF Task Team</i></p> <p>Score = 4: An independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the SAI’s financial audit practice has confirmed that the SAI complies with all the level 4 ISSAI requirements relevant to this dimension (including all the above criteria).</p> <p>Score = 3: Criteria (a), (f) and at least three of the other criteria above are in place.</p> <p>Score = 2: Criteria (a) and at least two of the other criteria above are in place.</p> <p>Score = 1: At least one of the criteria above are in place.</p> <p>Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 200</p>
Dimension (iii) Evaluating Audit Evidence, Concluding and Reporting in Financial Audits	

SAI-10 Dimension & Minimum Criteria for Dimension Score	Key references
<p>a) “The auditor should prepare audit <u>documentation that is sufficient</u> to enable an experienced auditor, with no prior knowledge of the audit, to understand the nature, timing and extent of the audit procedures performed, (...) the results (...) and the audit evidence obtained (...).” <i>ISSAI 200:70</i></p> <p>b) The SAI’s <u>documentation procedures</u> have been followed regarding: “the timely preparation of audit documentation; the form, content and extent of documentation; (...) the assembly of the final audit file.” <i>ISSAI 200:72</i></p> <p>c) “The auditor should identify the appropriate contact person(s) within the audited entity’s governance structure and <u>communicate</u> with them regarding (...) any significant findings” <i>ISSAI 200:64</i> and “all misstatements recorded during the course of the audit.” <i>ISSAI 200:139</i></p> <p>d) “The SAI’s audit findings are subject to <u>procedures of comment</u> and the recommendations [or observations] to discussions and responses from the audited entity.” <i>ISSAI 20:3</i></p> <p>e) “Uncorrected <u>misstatements should be evaluated</u> for materiality, individually or in aggregate (...).” <i>ISSAI 200:140</i></p> <p>f) “The auditor should form an <u>opinion</u> based on an evaluation of the conclusions drawn from the audit evidence obtained, as to whether the financial statements as a whole are prepared in accordance with the applicable financial reporting framework.” <i>ISSAI 200:143</i> The form of audit opinion provided is appropriate considering guidance in ISSAI 200, as follows:</p> <ol style="list-style-type: none"> I. “(...) An unmodified opinion if it is concluded that the financial statements are prepared, in all material respects, in accordance with the applicable financial framework.” <i>ISSAI 200:147</i> (Including the use of Emphasis of Matter Paragraphs) Otherwise a modified opinion which can be in three forms: II. “(...) A qualified opinion if: (1) (...) the auditor concludes that misstatements [are] material, but not pervasive, to the financial statements; or (2) the auditor was unable to obtain sufficient appropriate audit evidence on which to base an opinion, but (...) the possible effects (...) could be material but not pervasive.” <i>ISSAI 200:153</i> III. “(...) An adverse opinion if (...) the auditor concludes that misstatements (...) are both material and pervasive (...).” <i>ISSAI 200:154</i> IV. “(...) Disclaim an opinion if, having been unable to obtain sufficient appropriate audit evidence on which to base the opinion, the auditor concludes that the effects (...) could be both material and pervasive.” <i>ISSAI 200:155</i> <p>g) “The <u>auditor’s report</u> should be in a written form and contain the following elements:” <i>ISSAI 200:149</i></p> <ol style="list-style-type: none"> I. “A title (...). II. An addressee as required by the circumstances of the engagement. III. An introductory paragraph that (1) identifies whose financial statements have been audited (...); IV. A section with the heading ‘Management’s responsibility for the financial statements’(...); 	<p>ISSAI 200</p> <p>ISSAI 100</p> <p>ISSAI 20</p>

SAI-10 Dimension & Minimum Criteria for Dimension Score	Key references
<p>V. A section with the heading ‘Auditor’s Responsibility’, stating that the responsibility of the auditor is to express an opinion based on the audit of the financial statements (...);</p> <p>VI. A section with the heading ‘Opinion’(...);</p> <p>VII. The auditor’s signature.</p> <p>VIII. The date on which the auditor obtained sufficient appropriate evidence on which to base the auditor’s opinion on the financial statements (...);</p> <p>IX. The location in the jurisdiction where the auditor practices.” ISSAI 200:149</p> <p>h) “<u>Reports should be</u> easy to understand, free from vagueness and ambiguity and complete. They should be objective and fair, only including information which is supported by sufficient and appropriate audit evidence and ensuring that findings are put into perspective and context”. ISSAI 100:51 (I.e. in the case of long-form reports such as management letters).</p> <p>i) Any audit observations and recommendations are written <u>clearly and concisely</u>, and are directed to those responsible for ensuring they are implemented.</p> <p>j) <i>Where relevant</i>: “If the (...) conditions [for the acceptance of the financial reporting framework] are not met, the auditor should <u>evaluate the effect of the misleading nature of the financial statements</u> on the auditor’s report and the opinion, and consider the need to inform the legislature about the matter.” ISSAI 200:23</p> <p>k) <i>Where relevant</i>: “The auditor’s report on <u>special-purpose financial statements</u> [i.e. budget execution reports], the report should: describe the purpose for which the financial statements are prepared” ISSAI 200:173 and “the auditor should include an Emphasis of Matter paragraph alerting users to the fact that the financial statements have been prepared in accordance with a special-purpose framework (...)”. ISSAI 200:174</p> <p>Score = 4: An independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the SAI’s financial audit practice has confirmed that the SAI complies with <u>all</u> the level 4 ISSAI requirements relevant to this dimension (including all the above criteria).</p> <p>Score = 3: Criteria (e), (f) and at least six of the other above criteria are in place.</p> <p>Score = 2: Criteria (f) and at least four of the other above criteria are in place.</p> <p>Score = 1: At least two of the above criteria are in place.</p> <p>Score = 0: Less than two of the above criteria are in place.</p>	

SAI-11: Financial Audit Results

This indicator assesses outputs of the financial audit function of the SAI, the timely submission and publication of financial audit reports, and the follow-up of audit observations and recommendations.

(i) and (ii) Timely Submission and Publication of Financial Audit Results: The outputs of a financial audit can be: a) the audit opinion on an entity's financial information (sometimes accompanied by a report of the SAI/Head of SAI); b) a report to management or those charged with governance. All results should be submitted to the appropriate authority in a timely manner (dimension ii). Submission entails formally sending/giving the final audit report to the authority that will be responsible for considering the report and taking appropriate action. Scoring on dimension (iii) should focus on whether audit reports and/or opinions are published as soon as legislation allows, not whether other reports, including management letters and findings of other financial audit work, are published. National legislation often prescribes the stage in the process when the SAI is permitted to publish the audit report and/or opinion. The audit report is considered to be completed when the decision maker(s) in the SAI (e.g. the Head of SAI) has approved it.

(iii) SAI follow-up on implementation of observations and recommendations: SAIs should have a system for following up on whether audited entities take appropriate action based on observations and recommendations made by the SAI, and possibly by others charged with governance. This should include the opportunity for the audited entity to respond to these recommendations, as well as the SAI reporting to the relevant authorities and to the public on the findings of follow-up activities.

Suggested assessment approach

The information to score this indicator may be taken from the SAI's management information system, or from review of a sample of financial statement audits undertaken during the period under review.

Dimensions to be assessed:

- (i) Timely Submission of Financial Audit Results
- (ii) Timely Publication of Financial Audit Results
- (iii) SAI Follow-up on Implementation of Financial Audit Observations and Recommendations

SAI-11 Dimension & Minimum Requirements for Dimension Score	Key references
Dimension (i) Timely Submission of Financial Audit Results	
Score = 4: For <u>at least 80%</u> of financial audits, the audit opinion and/or report is <u>submitted</u> to the appropriate authority within the established legal or agreed time frame (or where no timeframe is defined, within 6 months from receipt of the financial statements by the SAI). <i>ISSAI 10:5, ISSAI 20:8, SAI PMF Task Team</i> Score = 3: For <u>at least 60%</u> of financial audits, the audit opinion and/or report is <u>submitted</u> to the appropriate authority within the established legal time frame (or where no timeframe is defined, within 9 months from receipt of the financial statements by the SAI). <i>ISSAI 10:5, ISSAI 20:8, SAI PMF Task Team</i> Score = 2: For <u>at least 40%</u> of financial audits, the audit opinion and/or report is <u>submitted</u> to the appropriate authority within the established legal time frame (or	ISSAI 10 ISSAI 20

SAI-11 Dimension & Minimum Requirements for Dimension Score	Key references
<p>where no timeframe is defined, within 12 months from receipt of the financial statements by the SAI). <i>ISSAI 10:5, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 1: For <u>at least 20%</u> of financial audits, the audit opinion and/or report is <u>submitted</u> to the appropriate authority within the established legal time frame (or where no timeframe is defined, within 12 months from receipt of the financial statements by the SAI). <i>ISSAI 10:5, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 0: For <u>less than 20%</u> of financial audits, the audit opinion and/or report is <u>submitted</u> to the appropriate authority within the established legal time frame (or where no timeframe is defined, within 12 months from receipt of the financial statements by the SAI). <i>ISSAI 10:5, ISSAI 20:8, SAI PMF Task Team</i></p>	
Dimension (ii) Timely Publication of Financial Audit Results	
<p>Score = 4: For <u>all audit reports</u> and/or opinions where the SAI has the right and obligation to publish, the report and/or opinion is made available to the public through appropriate means <u>within 15 days</u> after the SAI is permitted to publish. <i>ISSAI 1:16, ISSAI 10:6, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 3: For <u>all audit reports</u> and/or opinions where the SAI has the right and obligation to publish, the report and/or opinion is made available to the public through appropriate means <u>within 30 days</u> after the SAI is permitted to publish. <i>ISSAI 1:16, ISSAI 10:6, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 2: For <u>at least 75%</u> of audit reports and/or opinions where the SAI has the right and obligation to publish, the report and/or opinion is made available to the public through appropriate means <u>within 60 days</u> after the SAI is permitted to publish. <i>ISSAI 1:16, ISSAI 10:6, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 1: For <u>at least 50%</u> of audit reports and/or opinions where the SAI has the right and obligation to publish, the report and/or opinion is made available to the public through appropriate means <u>within 60 days</u> after the SAI is permitted to publish. <i>ISSAI 1:16, ISSAI 10:6, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 0: For <u>less than 50%</u> of audit reports and/or opinions where the SAI has the right and obligation to publish, the report and/or opinion is made available to the public through appropriate means <u>within 60 days</u> after the SAI is permitted to publish. <i>ISSAI 1:16, ISSAI 10:6, ISSAI 20:8, SAI PMF Task Team</i></p>	<p>ISSAI 1</p> <p>ISSAI 10</p> <p>ISSAI 20</p>
Dimension (iii) SAI Follow-up on Implementation of Financial Audit Observations and Recommendations	
<p>a) "SAIs have their own internal <u>follow-up system</u> to ensure that the audited entities properly address their observations and recommendations as well as those made by the Legislature, one of its commissions, or the auditee's governing board, as appropriate." <i>ISSAI 10:7</i></p> <p>b) "Follow-up focuses on whether the audited entity has <u>adequately addressed</u> the matters raised [in previous audits]." <i>ISSAI 100:51</i></p> <p>c) The SAI has established a practice for evaluating <u>materiality</u> in order to determine when a follow-up requires new additional investigations/audits. <i>SAI PMF Task Team, ISSAI 100:41</i></p> <p>d) "SAIs' follow-up procedures allow for the <u>audited entity to provide information</u> on corrective measures taken or why corrective actions were not taken." <i>ISSAI 20:3</i></p> <p>e) "SAIs submit their follow-up reports <u>to the Legislature</u>, one of its commissions, or the auditee's governing board, as appropriate, for consideration and action, even when SAIs have their own statutory power for follow-up and sanctions." <i>ISSAI 10:7</i></p>	<p>ISSAI 10</p> <p>ISSAI 20</p> <p>ISSAI 100</p>

SAI-11 Dimension & Minimum Requirements for Dimension Score	Key references
<p>f) “SAIs <u>report publicly</u> on the results of their audits [including] on the follow-up measures taken with respect to their recommendations” <i>ISSAI 20:7</i></p> <p>Score = 4: All of the above criteria are in place. Score = 3: Five of the criteria above are in place. Score = 2: Three of the above criteria are in place. Score = 1: One of the above criteria is in place. Score = 0: None of the above criteria are in place.</p>	

Performance Audit Introduction

Performance audit focuses on whether government undertakings, systems, operations, programmes, activities or organisations are performing in accordance with the principles of *economy, efficiency and effectiveness* and whether there is room for improvements (ISSAI 300:9). This is achieved by examining performance against suitable criteria, and by analysing causes of deviations from criteria or problems. The aim of performance audit is to answer key audit questions and to provide recommendations for improvement (ISSAI 100:22). Its recommendations together with the audit report aims to contribute to significant improvement of the conduct of government operations and programmes, by leading to changes such as lowering costs; simplifying administration; enhancing the quality and quantity of services; or improving effectiveness, impact or the benefits to society (ISSAI 300:40).

The focus of performance auditing is wider than the financial management of government. It may cover the effective delivery of public services (e.g. health or education), or public administration more generally. The scope of individual performance audits may vary substantially, from limited examinations of a particular area within a single audited entity to a wide examination of a broad government initiative. Usually an SAI does not carry out a performance audit of each audited entity every year, but selects audit topics and entities on the basis of an assessment of risk and materiality. Given the wide range of possible audit topics, it is necessary for the auditors to build up knowledge about the relevant area in the planning phase, so that the audit can be designed to be relevant and have impact. While performance audits may consider compliance with laws and regulations, they can be distinguished from compliance audits in that they often have a wider scope. For example, they may examine the impact of non-compliance on the goal(s) of the government programme in question, and/or look for underlying causes of unsatisfactory performance.

ISSAI 300 lays out the Fundamental Principles of Performance Auditing. ISSAI 3000 provides the more detailed Performance Audit Standard, while ISSAI 3100 and 3200 are guidelines on central concepts for performance auditing and the performance audit process, respectively. Reflecting the nature of performance auditing, the ISSAIs for performance auditing emphasize the need for flexibility in the design of the individual audit engagement, the need for the auditor to be receptive and creative in performing an audit, and the need to exercise professional judgement throughout the audit (ISSAI 300:5). The methods used in performance audit are often similar to the ones used in social sciences, and in many countries performance auditors have backgrounds from such disciplines.

How to determine whether the SAI activity is performance audit

Before scoring the indicators, the assessor should consider whether the SAI has a mandate to carry out performance audit, and whether the type of audit work carried out by the SAI is performance auditing as defined by the ISSAIs. Performance audit is often undertaken as a separate audit task leading to a performance audit report to the Legislature. Additionally, elements of performance auditing can be part of a more extensive audit that also covers compliance and financial audit. In determining whether performance considerations form the primary objective of the audit engagement, it should be noted that performance audit focuses on the activity and the results rather than reports or accounts, and that the

main objective is to promote effective, economical and efficient performance, rather than reporting on compliance. (ISSAI 300:14)

Most criteria in these indicators are taken from ISSAI 300 *Fundamental Principles of Performance Auditing*. In cases where the principles in ISSAI 300 are the same or very similar to requirements in ISSAI 3000, double references have been included. Some criteria are not taken directly from the ISSAIs (like for example SAI-13 (i) on timeliness of audit reporting). These criteria reflect concepts in the ISSAIs which cannot be used directly as criteria. In such cases, the SAI PMF Task Team suggested specific criteria which were tested in the SAI PMF Pilot Version. Such criteria are referenced “SAI PMF Task Team”.

Please also refer to Appendix 1 for definitions and explanations of key terms.

SAI-12: Performance Audit Standards and Quality Management

This indicator is specific to the fundamental principles of performance auditing. SAI-12 looks at the foundations for performance audit practice, including audit standards and guidance material, as well as an SAI's processes to ensure the quality of performance audits. The SAI's overall systems for ensuring quality of the audit work are assessed in the indicators on quality control in SAI-4 and staff recruitment and training in relevant audit disciplines in SAI-11 and SAI-23.

Dimensions to be assessed:

- (i) Performance Audit Standards and Policies
- (ii) Performance Audit Team Management and Skills
- (iii) Quality Control in Performance Audit

(i) Performance Audit Standards and Policies: This dimension examines whether an SAI's audit standards are in line with fundamental principles of performance auditing in ISSAI 300. It also considers whether an SAI has put in place policies and procedures for its auditors which interpret the standards in the context of the individual SAI. Such policies and procedures may be found in different documents, e.g. audit manuals. They should be documented in writing.

(ii) Performance Audit Team Management and Skills: This dimension examines whether the SAI has established a system for ensuring that members of a performance audit team collectively possess the professional competence, skills and experience necessary to carry out the audit in question. It also looks at what support the SAI provides to its performance auditors. To score the dimension, assessors may look at the SAI's policies and procedures for assembling audit teams, as well as guidance material and other support provided. To verify that audit teams are assembled in line with SAI's policies and procedures, assessors may examine planning documentation for the sample of audits.

(iii) Quality Control in Performance Audit: Examines how quality control measures for performance audit have been implemented in practice, as evidenced through a review of audit files. Quality control describes the sum of the measures taken to ensure high quality of each audit product, and is carried out as an integrated part of the audit process. Several individuals may be involved in quality control, and at several stages of the audit process. Line managers and team leaders often have a key role to play, as they review draft plans, audit work and the draft report before the audit is finalized. Procedures to safeguard quality should ensure that applicable requirements are met and place emphasis on appropriate, balanced and fair reports that add value and answer the audit questions (ISSAI 300:32). Please note that the SAI's system of quality control at the organizational level is measured elsewhere in the framework (SAI-4 (iii)).

SAI-12 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Performance Audit Standards and Policies	
The SAI has developed national <u>audit standards</u> consistent with ISSAI 300 or has adopted INTOSAI's Performance Audit Guidelines (ISSAI 3000-3999) as its	ISSAI 300

SAI-12 Dimension & Minimum Criteria for Dimension Score	Key references
<p>authoritative standards. <i>ISSAI 300:4, 7. Adoption of standards consistent with ISSAI 300 can be considered to fulfil all the following criteria:</i></p> <ul style="list-style-type: none"> a) The need to identify the <u>elements</u> of each performance audit (auditor, responsible party, intended users, subject matter and criteria). <i>ISSAI 300:15</i> b) The need to “set a clearly-defined audit <u>objective</u> that relates to the principles of economy, efficiency and effectiveness.” <i>ISSAI 300:25</i> c) The need to choose an audit <u>approach</u>, to facilitate the soundness of the audit design. <i>ISSAI 300:26 (The audit approach determines the nature of the examination. Performance auditing generally follows one of three approaches: a system-oriented approach; a result-oriented approach; or a problem-oriented approach. ISSAI 300:26.)</i> d) The need to “establish suitable <u>[audit] criteria</u> which correspond to the audit questions and are related to the principles of economy, efficiency and effectiveness.” <i>ISSAI 300:27</i> e) The need to “actively manage <u>audit risk</u>, which is the risk of obtaining incorrect or incomplete conclusions, providing unbalanced information or failing to add value for users.” <i>ISSAI 300:28</i> f) The need to “maintain effective and proper <u>communication</u> with the audited entities and relevant stakeholders throughout the audit process and define the content, process and recipients of communication for each audit.” <i>ISSAI 300:29</i> g) The need for the audit team to “have the necessary <u>professional competence</u> to perform the audit.” <i>ISSAI 300:30</i> h) The need to apply <u>professional judgment and scepticism</u>. <i>ISSAI 300:31</i> i) The need for auditors to “apply procedures to <u>safeguard quality</u>, ensuring that the applicable requirements are met (...).” <i>ISSAI 300:32</i> j) The need to “consider <u>materiality</u> at all stages of the audit process.” <i>ISSAI 300:33</i> k) The need to “<u>document the audit</u> (...)” so that “information [is] sufficiently complete and detailed to enable an experienced auditor having no previous connection with the audit to subsequently determine what work was done in order to arrive at the audit findings, conclusions and recommendations.” <i>ISSAI 300:34</i> l) The need to “<u>plan</u> the audit in a manner that contributes to a high-quality audit that will be carried out in an economical, efficient, effective and timely manner and in accordance with the principles of good project management.” <i>ISSAI 300:37</i> m) The need for auditors to “obtain sufficient appropriate audit <u>evidence</u> to establish findings, reach conclusions in response to the audit objectives and questions and issue recommendations.” <i>ISSAI 300:38</i> n) The need for auditors to “strive to provide audit <u>reports</u> which are comprehensive, convincing, timely, reader-friendly and balanced.” <i>ISSAI 300:39</i> o) That the SAI shall “seek to make their <u>reports widely accessible</u>, in accordance with the mandate of the SAI.” <i>ISSAI 300:41</i> p) That the SAI shall “seek to provide constructive <u>recommendations</u>” if relevant and allowed by the SAI’s mandate. <i>ISSAI 300:40</i> q) The need to “<u>follow up</u> previous audit findings and recommendations wherever appropriate.” <i>ISSAI 300:42</i> 	

SAI-12 Dimension & Minimum Criteria for Dimension Score	Key references
<p>The SAI has also adopted <u>policies and procedures</u> about how it has chosen to implement its audit standards. <i>ISSAI 20:3; 40:pg 11</i>. These should cover the following areas:</p> <ul style="list-style-type: none"> r) <u>Audit planning</u>, including selection of audit topics. Policies and procedures should be designed to ensure that auditors analyse and research potential audit topics, and consider the significance, auditability and impact of planned audits. They should allow for flexibility in planning. <i>ISSAI 300:36, 37. See also ISSAI 3000:89-90.</i> s) The <u>analytical processes</u> that enable auditors to obtain sufficient appropriate audit evidence to establish findings and reach conclusions in response to the audit objectives and questions. <i>ISSAI 300:38</i> t) Format of the <u>audit report</u>, which should contain information about the audit objective, criteria, methodology, sources of data and audit findings, conclusions and recommendations. <i>ISSAI 300:39</i> u) <u>Audit documentation</u>. Policies and procedures should be designed to ensure that “information [is] sufficiently complete and detailed to enable an experienced auditor having no previous connection with the audit to subsequently determine what work was done in order to arrive at the audit findings, conclusions and recommendations.” <i>ISSAI 300:34</i> <p>Score = 4: Criteria b), d), m), s) and at least fifteen of the other criteria above are in place. Score = 3: Criteria b), m) and at least twelve of the other criteria above are in place. Score = 2: At least ten of the criteria above are in place. Score = 1: At least five of the criteria above are in place. Score = 0: Less than five of the criteria above are in place.</p>	
Dimension (ii) Performance Audit Team Management and Skills	
<p>The SAI has established a <u>system to ensure that</u> “the audit team [collectively, and including external experts where required] has the necessary professional competence to perform the audit”, including: <i>ISSAI 300:30. See also ISSAI 40: pg. 10.</i></p> <ul style="list-style-type: none"> a) “sound <u>knowledge of [performance] auditing</u>”, including an understanding of the applicable auditing standards. <i>ISSAI 300:30</i> b) “sound knowledge of (...) research design, <u>social science methods</u> and investigation or evaluation techniques”. <i>ISSAI 300:30</i> c) “sound <u>knowledge of government organizations</u>, programmes and functions.” <i>ISSAI 300:30</i> d) “personal strengths such as <u>analytical, writing and communication</u> skills.” <i>ISSAI 300:30</i> e) The ability and <u>experience</u> to exercise professional judgement. <i>ISSAI 300:31</i> f) The system ensures that the knowledge, skills and expertise required for conducting a performance audit are <u>identified</u>. <i>SAI PMF Task Team</i> g) The system ensures that there are <u>clear reporting lines</u> and allocation of <u>responsibilities</u> within the team. <i>SAI PMF Task Team</i> <p>The SAI also provides <u>support to its auditors</u> as required to implement the adopted audit standards and develop their professional skills: <i>ISSAI 1:13, ISSAI 40: pg 10-11, ISSAI 300:30 (E.g. in the form of audit manuals and other guidance material, continuous on-</i></p>	<p>ISSAI 40</p> <p>ISSAI 300</p>

SAI-12 Dimension & Minimum Criteria for Dimension Score	Key references
<p><i>the-job training and promotion of professional development, access to experts and/or information from external sources.)</i></p> <p>h) How to develop <u>audit objectives</u> and <u>audit questions</u> that relate to the principles of economy, efficiency, and/or effectiveness. <i>ISSAI 300:25</i></p> <p>i) How to establish suitable <u>audit criteria</u> which correspond to the audit questions and are related to the principles of economy, efficiency and effectiveness. <i>ISSAI 300:27</i></p> <p>j) How to design the <u>audit procedures</u> to be used for gathering sufficient and appropriate audit evidence. <i>ISSAI 300:37</i></p> <p>k) How to apply different <u>data gathering methods</u>. <i>ISSAI 300:38 (E.g. statistical analysis, surveys, interviews, etc.)</i></p> <p>l) How to <u>evaluate the audit evidence</u> in light of the audit objectives. <i>ISSAI 300:38</i></p> <p>m) How to <u>write audit reports</u> which are comprehensive, convincing, reader-friendly and balanced. <i>ISSAI 300:39</i></p> <p>n) How to <u>write recommendations</u> that are well-founded and add value. <i>ISSAI 300:40</i></p> <p>Score = 4: All of the criteria above are in place.</p> <p>Score = 3: Criterion a), h), i) and at least seven of the other criteria above are in place.</p> <p>Score = 2: Criterion a) and at least five of the other criteria above are in place.</p> <p>Score = 1: At least three of the criteria above are in place.</p> <p>Score = 0: Less than three of the criteria above are in place.</p>	
Dimension (iii) Quality Control in Performance Audit	
<p>a) “<u>All work</u> carried out should be <u>subject to review</u> as a means of contributing to quality and promoting learning and personnel development”, and the review process should be documented. <i>ISSAI 40: pg11-12 (I.e. including review of the audit plan, working papers and the work of the team; and regular monitoring of progress by appropriate levels of management. The review should ensure that the applicable requirements are met and place emphasis on appropriate, balanced and fair reports that add value and address the audit questions. General quality control measures should be complemented by audit-specific measures. ISSAI 300:32; 37, SAI PMF Task Team).</i></p> <p>b) “Auditors should <u>apply procedures to safeguard quality</u>, ensuring that the applicable requirements are met (...).” <i>ISSAI 300:32</i></p> <p>c) “Where difficult or <u>contentious matters</u> arise, SAIs should ensure that appropriate resources (such as technical experts) are used to deal with such matters” <i>ISSAI 40: pg 11</i></p> <p>d) “(...) any <u>differences of opinions</u> within the SAI are clearly documented and resolved before a report is issued” <i>ISSAI 40: pg 12</i></p> <p>e) “SAIs should recognize the importance of <u>engagement quality control reviews</u> for their work and [where carried out] matters raised should be satisfactorily resolved before a report is issued”. <i>ISSAI 40: pg 12 (I.e. the SAI should have a policy on whether and when to perform reviews of the whole audit by experienced auditor(s) not involved in the audit, prior to issuing a report – note that this is part of quality control and not quality assurance. SAI PMF Task Team)</i></p> <p>f) “Procedures are in place for <u>authorizing reports</u> to be issued” <i>ISSAI 40: pg 12 (I.e. Carry out quality control review of draft reports; normally including review by</i></p>	<p>ISSAI 40</p> <p>ISSAI 300</p>

SAI-12 Dimension & Minimum Criteria for Dimension Score	Key references
<p><i>different levels of management and possibly discussions with staff in the unit and/or external experts. SAI PMF Task Team).</i></p> <p>Score = 4: All of the above criteria are in place. Score = 3: At least five of the above criteria are in place. Score = 2: At least three of the above criteria are in place. Score = 1: At least one of the above criteria is in place. Score = 0: None of the above criteria are in place.</p>	

SAI-13: Performance Audit Process

This indicator looks at how performance audits are carried out in practice. It distinctly examines the planning phase, the implementation phase and the reporting phase. Scoring this indicator should mainly be done on the basis of a review of a sample of performance audit files from the year under review. It may also be helpful to interview the audit teams that conducted these audits. As a rule, the requirements of each criteria should be documented in order for each to be considered met (for example in the audit plan, in the working papers, in the audit report).

Please also refer to Annex 1 for definitions and explanations of key terms.

Link to assessments of the SAI's compliance with level 4 ISSAIs

It is good practice for SAIs to carry out quality assurance reviews of their audit work. If SAIs report that they have conducted performance audits in accordance with ISSAIs 3000-3999, they should have a system in place to ensure they comply with the ISSAIs at level 4 (see ISSAI 100:7-12). To encourage such reviews and accommodate cases where an SAI has carried out an assessment of its compliance with the ISSAIs at level 4, the score of 4 in the audit process indicators in SAI PMF (SAI-9, SAI-12 and SAI-15) requires that the SAI has carried out such a review, and that the review confirmed that the SAI complied with all the relevant requirements at level 4. It is for the assessor to determine whether any issues of non-compliance noted in such assessments relate primarily to the planning, implementing or reporting dimensions in SAI PMF. This will make it easier for SAIs to rely on the results of such assessments when scoring the indicators in SAI PMF.

If the SAI has not conducted its audits in accordance with the level 4 ISSAIs, but rather based its audits on standards consistent with the fundamental principles of performance auditing (level 3 ISSAIs: ISSAI 300), the criteria below can be used to assess and score the SAI's performance audit processes.

Dimensions to be assessed:

- (i) Planning Performance Audits
- (ii) Implementing Performance Audits
- (iii) Reporting of Performance Audits

These dimensions set out performance audit criteria for planning, implementing, concluding and reporting, as established in ISSAI 300. The sample of audit files is the basis for assessing the criteria in the dimension, please also see the introduction to Domain C.

SAI-13 Dimension & Minimum Criteria for Dimension Score		Key references
Dimension (i) Planning Performance Audits		
a) "(...) Audit-specific, substantive [on the subject matter] and methodological <u>knowledge [is] acquired before the audit is launched</u> ("pre-study")." ISSAI 300:37. See also ISSAI 3000:98.		ISSAI 300
b) "Auditors should (...) analys[e] potential [audit] topics and conduct research to identify risks and problems." ISSAI 300:36.		ISSAI 30
c) "Auditors should consider <u>materiality</u> at all stages of the audit process. Thought should be given not only to financial but also to social and political aspects of the		

SAI-13 Dimension & Minimum Criteria for Dimension Score	Key references
<p>subject matter, with the aim of delivering as much added value as possible.” ISSAI 300:33. <i>See also ISSAI 3000:83</i></p> <p>d) “Auditors should set a clearly-defined <u>audit objective</u> that relates to the principles of economy, efficiency and effectiveness.” ISSAI 300:25. <i>See also ISSAI 3000:35.</i></p> <p>e) “[The] audit objectives can be framed as an overall <u>audit question</u> which can be broken down into more precise sub-questions.” ISSAI 300:25. <i>See also ISSAI 3000:36-37.</i></p> <p>f) “Auditors should choose a result-, problem- or system- oriented <u>approach</u>, or a combination thereof, to facilitate the soundness of audit design.” ISSAI 300:26. <i>See also ISSAI 3000:40. (The audit approach determines the nature of the examination. Performance auditing generally follows one of three approaches: a system-oriented approach; a result-oriented approach; or a problem-oriented approach. ISSAI 300:26.)</i></p> <p>g) “Auditors should establish suitable <u>criteria</u> which correspond to the audit questions and are related to the principles of economy, efficiency and effectiveness.” ISSAI 300:27. <i>See also ISSAI 3000:45.</i></p> <p>h) “The <u>criteria</u> should <u>be discussed</u> with the audited entities, but it is ultimately the auditor's responsibility to select suitable criteria.” ISSAI 300:27. <i>See also ISSAI 3000:49.</i></p> <p>i) “When planning the audit, the auditor should design the <u>audit procedures</u> to be used for gathering sufficient appropriate audit evidence.” ISSAI 300:37. <i>See also ISSAI 3000:101.</i></p> <p>j) “When planning an audit, auditors should assess the risk of <u>fraud</u>.” ISSAI 300:37. <i>See also ISSAI 3000:73.</i></p> <p>k) “Auditors should plan the audit in a manner that contributes to a high-quality audit that will be carried out in an economical, efficient, effective and timely manner and in accordance with the principles of <u>good project management</u>.” ISSAI 300:37. <i>See also ISSAI 3000:96 (I.e. considering the estimated cost of the audit and the key project timeframes and milestones. ISSAI 300:37.)</i></p> <p>l) “Auditors should evaluate whether and in what areas <u>external expertise</u> is required, and make the necessary arrangements.” ISSAI 300:30. <i>See also ISSAI 3000:65.</i></p> <p>m) The SAI has established a system to ensure that, at the audit engagement level, its auditors [and any contractors] <u>comply with</u> the following <u>ethical requirements</u>: integrity, independence and objectivity, competence, professional behaviour, confidentiality and transparency. ISSAI 30 (E.g. by avoiding long-term relations with the same audited entity and requiring appropriate declarations from staff in relation to ethics and independence)</p> <p>Score = 4: An independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the SAI’s performance audit practice has confirmed that the SAI complies with <u>all</u> the level 4 ISSAI requirements relevant to this dimension (including all the above criteria).</p> <p>Score = 3: At least ten of the above criteria are in place.</p> <p>Score = 2: At least six of the above criteria are in place.</p> <p>Score = 1: At least three of the above criteria are in place.</p> <p>Score = 0: Less than three of the above criteria are in place.</p>	
Dimension (ii) Implementing Performance Audits	

SAI-13 Dimension & Minimum Criteria for Dimension Score	Key references
<p>a) "Auditors should obtain <u>sufficient appropriate audit evidence</u> to establish findings, reach conclusions in response to the audit objectives and questions and [when appropriate] issue recommendations." ISSAI 300:23, 38. See also ISSAI 3000:106.</p> <p>b) "The auditor should evaluate the evidence with a view to obtaining audit <u>findings</u>." ISSAI 300:38.</p> <p>c) Auditors should "combine and compare <u>data</u> from different sources (...)." ISSAI 300:38.</p> <p>d) "Based on the findings, the auditor should exercise professional judgement to reach a <u>conclusion</u> [which] provide[s] answers to the audit questions." ISSAI 300:38.</p> <p>e) The audit evidence "(...) should be <u>placed in context</u>, and all relevant arguments, pros and cons and different perspectives should be considered before conclusions can be drawn, reformulating the audit objective(s) and questions as needed." ISSAI 300:38-39. See also ISSAI 3000:112.</p> <p>f) "Performance auditing involves a series of <u>analytical processes</u> that evolve gradually through mutual interaction (...)." ISSAI 300:38.</p> <p>g) "A high standard of <u>professional behaviour</u> should be maintained throughout the audit process (...)." ISSAI 300:31. See also ISSAI 3000:75 (E.g. auditors should work systematically, with due care and objectivity. ISSAI 300:31.)</p> <p>h) "Auditors should actively manage <u>audit risk</u>, which is the risk of obtaining incorrect or incomplete conclusions, providing unbalanced information or failing to add value for users." ISSAI 300:28. See also ISSAI 3000:52. (I.e. identify such risks, as well as mitigating measures, in the planning documents and actively follow up on them during the implementation of the audit. ISSAI 300:28.</p> <p>i) "Auditors should consider <u>materiality</u> at all stages of the audit process. Thought should be given not only to financial but also to social and political aspects of the subject matter, with the aim of delivering as much added value as possible." ISSAI 300:33. See also ISSAI 3000:83</p> <p>j) "Auditors should maintain effective and proper <u>communication</u> with the audited entities and relevant stakeholders throughout the audit process (...)." ISSAI 300:29. See also 3000:55 (Including notifying the audited entity of the key aspects of the audit, including the audit objective, audit questions and subject matter. ISSAI 300:29.)</p> <p>k) "Auditors should <u>document</u> the audit (...). Information should be sufficiently complete and detailed to enable an experienced auditor having no previous connection with the audit to subsequently determine what work was done in order to arrive at the audit findings, conclusions and recommendations." ISSAI 300:34. See also ISSAI 3000:86.</p> <p>Score = 4: An independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the SAI's performance audit practice has confirmed that the SAI complies with <u>all</u> the level 4 ISSAI requirements relevant to this dimension (including all the above criteria).</p> <p>Score = 3: At least eight of the above criteria are in place.</p> <p>Score = 2: At least five of the above criteria are in place.</p> <p>Score = 1: At least two of the above criteria are in place.</p> <p>Score = 0: Less than two the above criteria are in place.</p>	ISSAI 300

SAI-13 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (iii) Reporting on Performance Audits	
<p>a) "In a performance audit, the auditors report their findings on the <u>economy</u> and <u>efficiency</u> [of the use of resources] and the <u>effectiveness</u> with which objectives are met." ISSAI 300:39. <i>(It should be noted that reports may vary in scope and nature. They may for example assess whether resources have been applied in a sound manner, and/or comment on the impact of policies and programmes. ISSAI 300:39)</i></p> <p>b) "Auditors should strive to provide audit reports which are <u>comprehensive</u> (...)." ISSAI 300:39. <i>See also ISSAI 3000:116-117. (I.e. include all the information needed to address the audit objective and audit questions, while being sufficiently detailed to provide an understanding of the subject matter and the findings and conclusions. ISSAI 300:39)</i></p> <p>c) "Auditors should strive to provide audit reports which are (...), <u>convincing</u> (...)." ISSAI 300:39. <i>See also ISSAI 3000:116, 118. (I.e. that are logically structured and present a clear relationship between the audit objective, criteria, findings, conclusions and recommendations). ISSAI 300:38</i></p> <p>d) "Auditors should strive to provide audit reports which are (...) <u>reader-friendly</u> (...)." ISSAI 300:38. <i>See also ISSAI 3000:116, 120 (I.e. are as clear and concise as the subject matter permits and phrased in unambiguous language.) ISSAI 300:38</i></p> <p>e) "Auditors should strive to provide audit reports which are (...) <u>balanced</u>". ISSAI 300:38. <i>See also ISSAI 3000:126, 131 (I.e. balanced in content and tone. All evidence needs to be presented in an unbiased manner). ISSAI 3000:131</i></p> <p>f) "Auditors should consider <u>materiality</u> in all stages of the audit process." ISSAI 300:33. <i>See also ISSAI 3000:83. (I.e. manage the risk of producing inappropriate or low-impact audit findings or reports. ISSAI 300:33)</i></p> <p>g) "The report should include information about the (...) [audit] <u>criteria</u> [and their sources]". ISSAI 300:39. <i>See also ISSAI 3000:122</i></p> <p>h) The report should include conclusions in response to the audit objective and questions, "(...) clearly <u>answer the audit questions</u> or explain why this was not possible." ISSAI 300:38-39. <i>See also ISSAI 3000:124.</i></p> <p>i) "If relevant and allowed by the SAI's mandate, auditors should seek to provide constructive <u>recommendations</u> that are likely to contribute significantly to addressing the weaknesses or problems identified by the audit." ISSAI 300:40. <i>See also ISSAI 300:39, ISSAI 3000:126</i></p> <p>j) "SAIs should declare which <u>standards</u> they apply when conducting audits, and this declaration should be accessible to users of the SAI's report." ISSAI 100:8. <i>(The reference to audit standards may be included in the audit report or communicated by the SAI in a more general form covering a defined range of engagements. ISSAI 300:7)</i></p> <p>k) "Audited entities should be given an opportunity to <u>comment</u> on the audit findings, conclusions and recommendations before the SAI issues its audit report." ISSAI 300:29. <i>See also ISSAI 3000:129.</i></p> <p>l) "Any disagreements [with the audited entity] should be analyzed and factual errors corrected. The <u>examination of feedback</u> should be recorded in working papers so that changes to the draft audit report, or reasons for not making changes, are documented." ISSAI 300:29. <i>See also ISSAI 3000:130</i></p>	ISSAI 300
<p>Score = 4: An independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within</p>	

SAI-13 Dimension & Minimum Criteria for Dimension Score	Key references
<p>the past three years) of the SAI's performance audit practice has confirmed that the SAI complies with <u>all</u> the level 4 ISSAI requirements relevant to this dimension (including all the above criteria).</p> <p>Score = 3: At least nine of the above criteria are in place.</p> <p>Score = 2: At least six of the above criteria are in place.</p> <p>Score = 1: At least three of the above criteria are in place.</p> <p>Score = 0: Less than three of the above criteria are in place.</p>	

SAI-14: Performance Audit Results

This indicator relates to performance audit outputs – the timely submission and publication of performance audit reports, and the follow-up on audit results.

(i) Timely Submission of Performance Audit Results: Performance audit reports should be submitted to the appropriate authority in a timely manner. Submission entails sending/giving the final audit report to the authority that will be responsible for considering the report and taking appropriate action. In many countries the performance audit reports are submitted to the Legislature as the formal recipient, while copies are shared with other stakeholders for information. The audit report is complete when the decision maker(s) in the SAI (e.g. the Head of SAI) has/have approved it.

(ii) Timely Publication of Performance Audit Reports: SAIs should seek to make their performance audit reports widely accessible, including to the general public (ISSAI 300:41). SAIs may be able to publish their audit reports on their websites and/or in hard copies. National legislation often prescribes the stage in the process when the SAI is permitted to publish the audit report (e.g. only after the report has been submitted to the Legislature).

(iii) Follow-up on Implementation of Performance Audit Observations and Recommendations: Follow-up refers to what the SAI itself does to keep track of the observations and recommendations it has provided and how it examines what audited entities or other responsible parties have done to address them. (ISSAI 300:42). This dimension looks at follow-up on performance audit findings.. In some countries the Legislature (a standing committee like a Public Accounts Committee, or a plenary session of parliament) issues additional recommendations to the government and/or the audited bodies on the basis of the SAI's audits. In such contexts the SAI may focus its follow-up activity on the Legislature's recommendations.

Suggested assessment approach

The assessment of this indicator may be based on information from the SAI's management information system. Alternatively, information from quality assurance reviews and/or review of a sample of performance audits can be used.

Dimensions to be assessed:

- (i) Timely Submission of Performance Audit Reports
- (ii) Timely Publication of Performance Audit Reports
- (iii) SAI Follow-up on Implementation of Performance Audit Observations and Recommendations

SAI-14 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Timely Submission of Performance Audit Reports	
Score = 4: All performance audit reports are submitted to the appropriate authority (the Legislature, the auditee and/or the relevant ministry) within <u>15 days</u> of completion of the audit (or within the legally defined or agreed time frame, if such exists). <i>ISSAI 20:8, SAI PMF Task Team</i>	ISSAI 20

SAI-14 Dimension & Minimum Criteria for Dimension Score	Key references
<p>Score = 3: All performance audit reports are <u>submitted</u> to the appropriate authority (the Legislature, the auditee and/or the relevant ministry) <u>within 30 days</u> of completion of the audit (or within the legally defined or agreed time frame, if such exists). <i>ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 2: For <u>at least 75%</u> of performance audits, the report is <u>submitted</u> to the appropriate authority (the Legislature, the auditee and/or the relevant ministry) <u>within 45 days</u> of completion of the audit (or within the legally defined or agreed time frame, if such exists). <i>ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 1: For <u>at least 50%</u> of performance audits, the report is <u>submitted</u> to the appropriate authority (the Legislature, the auditee and/or the relevant ministry) <u>within 60 days</u> of completion of the audit (or within the legally defined or agreed time frame, if such exists). <i>ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 0: For <u>less than 50%</u> of performance audits, the report is <u>submitted</u> to the appropriate authority (the Legislature, the auditee and/or the relevant ministry) <u>within 60 days</u> of completion of the audit (or within the legally defined or agreed time frame, if such exists). <i>ISSAI 20:8, SAI PMF Task Team</i></p>	
Dimension (ii) Timely Publication of Performance Audit Reports	
<p>Score = 4: Unless prohibited by legislation, the SAI <u>publishes all</u> its performance audit reports within 15 days after it is permitted to publish them. <i>ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 3: Unless prohibited by legislation, the SAI <u>publishes all</u> its performance audit reports within 30 days after it is permitted to publish them. <i>ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 2: Unless prohibited by legislation, the SAI <u>publishes at least 75%</u> of its performance audit reports within 60 days after it is permitted to publish them. <i>ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 1: Unless prohibited by legislation, the SAI <u>publishes at least 50%</u> of its performance audit reports within 60 days after it is permitted to publish them. <i>ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 0: The SAI <u>publishes less than 50%</u> of its performance audit reports within 60 days after it is permitted to publish them. <i>ISSAI 20:8, SAI PMF Task Team</i></p>	ISSAI 20
Dimension (iii) SAI Follow-up on Implementation of Performance Audit Observations and Recommendations	
<p>a) "Auditors should <u>follow up previous audit findings</u> and recommendations wherever appropriate." <i>ISSAI 300:42. See also ISSAI 3000:136.</i></p> <p>b) "Follow-up is not restricted to the implementation of recommendations but focuses on whether the audited entity has <u>adequately addressed the problems</u> and remedied the underlying situation after a reasonable period of time." <i>ISSAI 300:42. See also ISSAI 3000:139.</i></p> <p>c) If possible, the follow-up reports include "(...) the conclusions and impacts of all relevant <u>corrective action</u>." <i>ISSAI 300:42. See also ISSAI 3000:136.</i></p> <p>d) The SAI's "follow-up procedures allow for the <u>audited entity to provide information</u> on corrective measures taken or why corrective actions were not taken." <i>ISSAI 20:3</i></p> <p>e) "Follow-up should be reported appropriately in order to provide <u>feedback to the legislature</u> (...)" <i>ISSAI 300:42. See also ISSAI 10:7 and ISSAI 3000:136.</i></p> <p>f) "Follow-up results may be reported <u>individually or as a consolidated report</u>, which may in turn include an analysis of different audits, possibly highlighting common trends and themes across a number of reporting areas." <i>ISSAI 300:42</i></p>	<p>ISSAI 10</p> <p>ISSAI 20</p> <p>ISSAI 100</p> <p>ISSAI 300</p>

SAI-14 Dimension & Minimum Criteria for Dimension Score	Key references
<p>g) The SAI has established a practice for evaluating <u>materiality</u> and the importance of the identified problems in order to determine if a follow-up requires a new additional audit. <i>SAI PMF Task Team, ISSAI 100:41, ISSAI 300:33. See also ISSAI 3200:152-153.</i></p> <p>Score = 4: All the above criteria are in place. Score = 3: Five of the above criteria are in place. Score = 2: Three of the above criteria are in place. Score = 1: One of the above criteria are in place. Score = 0: None of the above criteria are in place.</p>	

Compliance Audit Introduction

“The objective of compliance auditing is to enable the SAI to address whether the activities of public sector entities are in accordance with applicable authorities governing those entities”. (ISSAI 400:13).

Compliance auditing is the independent assessment of whether a particular subject matter is in compliance with applicable authorities identified as criteria. Compliance audits are carried out by assessing whether activities, financial transactions and information comply, in all material respects, with the authorities which govern the audited entity.” (ISSAI 400:12).

Compliance auditing may encompass the assessment both of compliance with formal criteria of regularity and/or with the general principles of sound public sector financial management and conduct of public sector officials of propriety. While *regularity* is the main focus of compliance auditing, *propriety* may be pertinent due to the public sector context where expectations concerning sound financial management and the conduct of public sector officials also exist (ISSAI 400:13).

Applicable “authorities include rules, laws and regulations, budgetary resolutions, policy, established codes, agreed upon terms or general principles of sound public sector financial management and conduct of public sector officials”. (ISSAI 400:29).

“ISSAI 400 *Fundamental Principles of Compliance Auditing* provides SAIs with a basis for the adoption or development of standards and guidelines for compliance auditing. The principles in ISSAI 400 can be used in three ways”:

- To form the basis on which standards are developed
- To form the basis on which consistent national standards are adopted.
- To form the basis for adoption of the Compliance Audit Guidelines as the authoritative standards.” (ISSAI 400:5).

How to determine if an audit activity is compliance audit

The assessor should consider whether any of the type of audit work carried out by the SAI is compliance auditing. The key characteristic of compliance auditing, as defined in ISSAI 400, is the assessment of whether a subject matter is in compliance, in all material respects, with the authorities which govern the audited entity. While compliance audit is sometimes conducted as a separate audit activity, it is also common to conduct compliance auditing together with financial auditing, an approach referred to as regularity audit, as well as to incorporate elements of compliance auditing in performance audits. In planning the SAI PMF assessment, assessors should consider the most appropriate sources of information to score these compliance audit indicators. This may involve combining evidence from different types of audits which contain compliance audit elements.

In many countries, the SAI issues a ‘report on the execution of the budget/budgetary law’, distinct from the financial audit based on ISSAI 200 requirements. Assessors will need to determine whether the financial audit indicators SAI-9, SAI-10 and SAI-11 are applicable or whether the SAI’s report on budget execution should be assessed under the aspects of compliance audit. Please refer to the financial audit introduction for further guidance.

In some countries, the Legislature may grant government a discharge for the financial year under review on the basis of a budget execution report. This discharge is the political element of the external control of budget implementation. In the event of irregularities or material non-compliance, some legal frameworks provide for a postponement of the discharge, and the executive (or the specific body in question) is granted a certain period of time to provide information on the relevant proceedings. After this time period or – where applicable – directly in the event of such irregularities, further actions can be taken by the legislative body to enforce compliance with budget laws and other regulations.

SAI-15: Compliance Audit Standards and Quality Management

This indicator is specific to the fundamental principles of compliance auditing. SAI-15 looks at the foundations for compliance audit practice, including audit standards and guidance material, and an SAI's processes to ensure the quality of compliance audits. The SAI's overall systems for ensuring quality of the audit work are assessed in the indicators on quality control in SAI-4 and staff recruitment and training in relevant audit disciplines in SAI-22 and SAI-23.

Dimensions to be assessed:

- (i) Compliance Audit Standards and Policies
- (ii) Compliance Audit Team Management and Skills
- (iii) Quality control in Compliance Audit

(i) Compliance Audit Standards and Policies: This dimension examines whether an SAI's adopted audit standards are in line with the fundamental principles of compliance auditing as set out in ISSAI 400. It also considers whether the SAI has policies and procedures which interpret the standards in the context of the individual SAI. Such policies and procedures may be found in different documents, e.g. audit manuals. They should be documented in writing.

(ii) Compliance Audit Team Management and Skills: This dimension examines whether the SAI has established a system for ensuring that members of a compliance audit team collectively possess the necessary skills and experience. It also looks at what support the SAI provides to its auditors in the compliance audit process. To score the dimension, the assessors may look at the SAI's policies and procedures for assembling audit teams, as well as guidance material and other support provided. To verify that audit teams are assembled in line with SAI's policies and procedures, assessors may examine planning documentation for the sample of audits.

(iii) Quality Control in Compliance Audit: Examines how quality control measures for compliance audit have been implemented in practice, as evidenced through a review of audit files. Quality control describes the sum of the measures taken to ensure high quality of each audit product, and is carried out as an integrated part of the audit process. The measures should be aimed at ensuring that the audit complies with the applicable standards and that the audit report, conclusion or opinion is appropriate given the circumstances. ISSAI 400:44. Several individuals may be involved in quality control, and at several stages of the audit process. Line managers and team leaders often have a key role to play, as they review draft plans, audit work and the draft report before the audit is finalized. Please note that the SAI's system of quality control at the organizational level is measured elsewhere in the framework (SAI-4 (iii)).

SAI-15 Dimension & Minimum Criteria for Dimension Score	Key References
Dimension (i) Compliance Audit Standards and Policies	
The SAI has developed national audit standards consistent with ISSAI 400 or has adopted the Compliance Audit Guidelines (ISSAI 4100 or 4200) as its authoritative	ISSAI 400

SAI-15 Dimension & Minimum Criteria for Dimension Score	Key References
<p>standards. <i>ISSAI 400:5</i> Adoption of standards consistent with ISSAI 400 can be considered to fulfil all the following criteria:</p> <p>a) “(...) The <u>elements relevant</u> to compliance auditing (...) should be <u>identified</u> by the auditor before commencing the audit.” <i>ISSAI 400:27 (I.e. identify the applicable authorities covering regularity and, if necessary, propriety requirements; the subject matter; intended users of the report; and level of assurance to be provided, whether reasonable or limited)</i> <i>ISSAI 400:28-41</i></p> <p>b) “Auditors should consider <u>audit risk</u> throughout the audit process.” <i>ISSAI 400:46 (I.e. The auditor should consider three different dimensions of audit risk: inherent risk, control risk and detection risk)</i> <i>ISSAI 400:46</i></p> <p>c) “Auditors should consider <u>materiality</u> throughout the audit process.” <i>ISSAI 400:47. (I.e. including consideration of materiality by value, nature and context)</i> <i>See also ISSAI 4000:94-99.</i></p> <p>d) “Auditors should prepare sufficient audit <u>documentation</u>.” <i>ISSAI 400:48</i></p> <p>e) “Auditors should establish effective <u>communication</u> throughout the audit process.” <i>ISSAI 400:49</i></p> <p>f) “Auditors should identify the subject matter and suitable <u>criteria</u>.” <i>ISSAI 400:51</i></p> <p>g) “Auditors should determine the <u>audit scope</u>.” <i>ISSAI 400:50</i></p> <p>h) “Auditors should <u>understand the audited entity</u> in light of the authorities governing it.” <i>ISSAI 400:52</i></p> <p>i) “Auditors should understand the <u>control environment and the relevant internal controls</u>.” <i>ISSAI 400:53</i></p> <p>j) “Auditors should perform a <u>risk assessment</u>.” <i>ISSAI 400:54 (I.e. to determine the nature, timing and extent of audit procedures)</i> <i>See also ISSAI 4000:120).</i></p> <p>k) “Auditors should consider the <u>risk of fraud</u>.” <i>ISSAI 400:55</i></p> <p>l) “Auditors should [plan the audit by] develop[ing] an <u>audit strategy and an audit plan</u>.” <i>ISSAI 400:56</i></p> <p>m) “Auditors should gather <u>sufficient and appropriate audit evidence</u> to cover the scope of the audit.” <i>ISSAI 400:57</i></p> <p>n) “Auditors should evaluate whether sufficient and appropriate audit evidence is obtained and <u>form relevant conclusions</u>.” <i>ISSAI 400:58</i></p> <p>o) “Auditors should prepare a <u>written report</u> based on the principles of completeness, objectivity, timeliness and a contradictory process.” <i>ISSAI 400:59. See also ISSAI 4000:158.</i></p> <p>The SAI has also adopted <u>policies</u> and <u>procedures</u> about how it has chosen to implement its audit standards, which should cover the following:</p> <p>p) “determining <u>materiality</u> [through] professional judgment [based] on the auditor’s interpretation of the users’ needs (...) in terms of value, (...) the inherent characteristics [nature] of an item [and] the context in which it occurs.” <i>ISSAI 400:47</i></p> <p>q) requirements for audit <u>documentation</u>, to ensure “the auditor should prepare relevant audit documentation before the audit report or the Auditor’s Report is issued, and the documentation should be retained for an appropriate period of time” <i>ISSAI 400:48</i></p> <p>r) <u>determining</u> the nature, timing and extent of <u>audit procedures</u> to be performed:</p>	

SAI-15 Dimension & Minimum Criteria for Dimension Score	Key References
<ul style="list-style-type: none"> • in light of the criteria and scope of the audit, characteristics of the audited entity and results of the risk assessment <i>ISSAI 400:54</i> • for the purpose of obtaining sufficient and appropriate <u>audit evidence</u> <i>ISSAI 400:57</i> • and to <u>evaluate</u> whether <u>the evidence</u> obtained is sufficient and appropriate so as to reduce audit risk to an acceptably low level including considerations of materiality and the assurance level of the audit <i>ISSAI 400:58 (If necessary including an approach to calculating minimum planned sample sizes in response to materiality, risk assessments, and assurance level, based on an underlying audit model).</i> <p>Score = 4: Criteria (b), (c), (n) and (o) and at least twelve of the other criteria above are in place.</p> <p>Score = 3: Criteria (b), (c), (n) and (o) and at least eight of the other criteria above are in place.</p> <p>Score = 2: Criteria (b), (c) and at least six of the other criteria above are in place.</p> <p>Score = 1: Criterion (b) and least three of the other criteria above are in place.</p> <p>Score = 0: Less than four of the criteria above are in place.</p>	
Dimension (ii) Compliance Audit Team Management and Skills	
<p>The SAI has established a <u>system to ensure that</u> “individuals in the audit team should collectively possess the knowledge, skills and expertise necessary to successfully complete the compliance audit”. This includes <i>ISSAI 400:45</i>:</p> <ol style="list-style-type: none"> An understanding of and practical experience of <u>the type of audit</u> being undertaken An understanding of the <u>applicable standards</u> and authorities An understanding of the <u>audited entity’s</u> operations The ability and <u>experience</u> to exercise professional judgment <p>The system ensures that:</p> <ol style="list-style-type: none"> The knowledge, skills and expertise required for conducting the compliance audit are <u>identified</u>. <i>SAI PMF Task Team</i> If <u>external experts</u> are used, it is evaluated whether they have the necessary competence, capabilities and objectivity. <i>SAI PMF Task Team</i> There are <u>clear reporting lines</u> and allocation of responsibilities within the team. <i>SAI PMF Task Team</i> <p>The SAI provides support as necessary to its auditors on the following: <i>(E.g. in the form of audit manuals and other guidance material, continuous on-the-job training and promotion of professional development, access to experts and/or information from external sources.)</i></p> <ol style="list-style-type: none"> identifying <u>applicable authorities</u> based on “formal criteria, such as authorizing legislation, regulations issued under governing legislation and other relevant laws, regulations and agreements, including budgetary laws (regularity)” and “where formal criteria are absent or there are obvious gaps in legislation... general principles of sound public sector financial management and conduct of public sector officials (propriety)” <i>ISSAI 400:32</i> 	<p>ISSAI 400</p> <p>ISSAI 40</p>

SAI-15 Dimension & Minimum Criteria for Dimension Score	Key References
<p>i) identifying <u>suitable criteria</u> as a basis for evaluating audit evidence, developing audit findings and concluding <i>ISSAI 400:51</i></p> <p>j) determining the elements relevant to the <u>level of assurance</u> to be provided (I.e. reasonable or limited assurance) <i>ISSAI 400:41</i></p> <p>k) considering “three different <u>dimensions of audit risk</u>: inherent risk, control risk and detection risk” <i>ISSAI 400:46</i></p> <p>l) understanding “the <u>control environment</u> and the relevant internal controls” and assessing “the risk that the internal controls may not prevent or detect material instances of non-compliance”. <i>ISSAI 400:53</i></p> <p>m) including “<u>fraud risk factors</u> in the risk assessment” and exercising “due professional care and caution” if coming across instances of non-compliance which may be indicative of fraud <i>ISSAI 400:55</i></p> <p>n) determining “the nature, timing and extent of <u>audit procedures</u> to be performed” <i>ISSAI 400:54</i> “in light of the criteria, scope and characteristics of the audited entity” <i>ISSAI 400:54</i> and “the identification of risks and their impact on the audit procedures” <i>ISSAI 400:54</i></p> <p>o) developing “an <u>audit strategy</u> and an audit plan” <i>ISSAI 400:56</i></p> <p>p) gathering “<u>sufficient appropriate audit evidence</u> to provide the basis for the conclusion or opinion” covering the quantity of evidence, its relevance and reliability and how “the reliability of evidence is influenced by its source and nature, and is dependent on the individual circumstances under which the evidence is obtained” and the need for “a variety of evidence gathering procedures of both quantitative and qualitative nature.” <i>ISSAI 400:57</i></p> <p>q) preparing a <u>written report</u> in an appropriate form, so “the report should be complete, accurate, objective, convincing, and as clear and concise as the subject matter permits” <i>ISSAI 400:59</i></p> <p>Score = 4: Criteria (a), (e), (o) and at least thirteen of the other criteria above are in place.</p> <p>Score = 3: Criteria (a), (e), (o) and at least nine of the other criteria above are in place.</p> <p>Score = 2: Criteria (a), (e) and at least six of the other criteria above are in place.</p> <p>Score = 1: At least four of the criteria above are in place.</p> <p>Score = 0: Less than four of the criteria above are in place.</p>	
Dimension (iii) Quality Control in Compliance Audit	
<p>a) “All <u>work carried out</u> should be <u>subject to review</u> as a means of contributing to quality and promoting learning and personnel development”. <i>ISSAI 40: pg 11 (I.e. including review of the audit plan, working papers and the work of the team, and regular monitoring of progress of the audit by appropriate levels of management. The review should be aimed at ensuring that the audit complies with the applicable standards and that the audit report, conclusion or opinion is appropriate given the circumstances. ISSAI 400:44, SAI PMF Task Team)</i></p> <p>b) “The auditor (...) should implement <u>quality control procedures</u> during the audit... aimed at ensuring that the audit complies with the applicable standards”. <i>ISSAI 400:44</i></p>	<p>ISSAI 40</p> <p>ISSAI 400</p>

SAI-15 Dimension & Minimum Criteria for Dimension Score	Key References
<p>c) “Where difficult or contentious matters arise, SAls should ensure that <u>appropriate resources</u> (such as technical experts) are used to deal with such matters” <i>ISSAI 40: pg 11</i></p> <p>d) “(...) any <u>differences of opinions</u> within the SAI are clearly <u>documented</u> and resolved before a report is issued”. <i>ISSAI 40: pg 12</i></p> <p>e) “SAls should recognize the importance of <u>engagement quality control reviews</u> for their work and [where carried out] matters raised should be satisfactorily resolved before a report is issued”. <i>ISSAI 40: pg 12 (I.e. review by experts not involved in the audit)</i></p> <p>f) “Procedures are in place for <u>authorizing reports</u> to be issued”. <i>ISSAI 40: pg 12 (I.e. Carry out quality control review of draft reports; normally including review by different levels of management and possibly discussions with staff in the unit and/or external experts).</i></p> <p>Score = 4: All of the above criteria are in place. Score = 3: At least five of the above criteria are in place. Score = 2: At least three of the above criteria are in place. Score = 1: At least one of the above criteria is in place. Score = 0: None of the above criteria are in place.</p>	

SAI-16: Compliance Audit Process

This indicator looks at how compliance audits are carried out in practice. It distinctly examines the planning phase, the implementation phase and the reporting phase. The scoring of this indicator should mainly be done on the basis of a review of a sample of compliance audit files from the year under review. Evidence may also be taken from the SAI's own quality assurance reports, where the assessor determines that these can be relied upon. It may also be helpful to interview the audit teams that conducted the sampled audits. As a rule, the issues covered by the criteria should be documented for the criteria to be considered met, for example in the audit plan, in the working papers, or in the audit report.

Please refer to the Annex 1 for definitions and explanations of key terms.

Link to assessments of the SAI's compliance with level 4 ISSAIs

It is good practice for SAIs to carry out detailed quality assurance reviews of their audit work. If SAIs report that they have conducted their compliance audits in accordance with ISSAIs 4000-4999, they should have a system in place to ensure they comply with the ISSAIs at level 4. To encourage such reviews and accommodate cases where an SAI has carried out an assessment of its compliance with the ISSAIs at level 4, the score of 4 for the audit process indicators in SAI PMF (SAI-9, SAI-12 and SAI-15) requires that the SAI has carried out such a review, and that the review confirmed that the SAI complied with all the relevant requirements at level 4. It is for the assessor to determine whether any issues of non-compliance noted in such assessments relate primarily to the planning, implementing or reporting dimensions in SAI PMF. This will make it easier for SAIs to rely on the results of any previous assessments when scoring the indicators in SAI PMF.

If the SAI has not conducted its audits in accordance with the level 4 ISSAIs, but rather based its audits on standards consistent with the fundamental principles of compliance auditing (level 3 ISSAIs: ISSAI 400, the detailed criteria below can be used to assess and score the SAI's compliance audit processes.

Dimensions to be assessed:

- (i) Planning Compliance Audits
- (ii) Implementing Compliance Audits
- (iii) Evaluating Audit Evidence, Concluding and Reporting of Compliance Audits

The dimensions set out criteria for planning, implementing, evaluating, concluding and reporting, as they are established in ISSAI 400. The sample of audit files is the basis for assessing the criteria in the dimension, please also see the introduction to Domain C.

SAI-16 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Planning Compliance Audits	
a) "The <u>elements</u> relevant to compliance auditing... should be identified by the auditor before conducting a compliance audit." <i>ISSAI 400:27 (I.e. identify the applicable authorities covering regularity and, if necessary, propriety, requirements; the subject matter; intended users of the report; and level of assurance to be provided, whether reasonable or limited) ISSAI 400:28-41</i>	ISSAI 400 ISSAI 30

SAI-16 Dimension & Minimum Criteria for Dimension Score	Key references
<p>b) “Auditors should consider <u>audit risk</u> throughout the audit process.” ISSAI 400:46 (I.e. the auditor should consider three different dimensions of audit risk: inherent risk, control risk and detection risk) and “Auditors should perform a <u>risk assessment</u> to identify risks of non-compliance.” ISSAI 400:54 (I.e. to determine the nature, timing and extent of audit procedures)</p> <p>c) “Auditors should consider <u>materiality</u> throughout the audit process.” ISSAI 400:47. See also ISSAI 4000:94. (I.e. including consideration of materiality by value, nature and context)</p> <p>d) “Auditors should maintain effective <u>communication</u> throughout the audit process” and “the auditor should also inform the responsible party of the audit criteria.” ISSAI 400:49</p> <p>e) “Auditors should identify the subject matter and suitable <u>criteria</u>” based on applicable authorities, as a basis for evaluating audit evidence. ISSAI 400:51</p> <p>f) “Auditors should determine the <u>audit scope</u> (...) [as] a clear statement of the focus, extent and limits in terms of the subject matter’s compliance with the criteria.” ISSAI 400:50</p> <p>g) “Auditors should <u>understand the audited entity</u> in light of the relevant authorities [governing it].” ISSAI 400:52</p> <p>h) “Auditors should understand the <u>control environment and the relevant internal controls</u> (...)” ISSAI 400:53</p> <p>i) “Auditors should consider the <u>risk of fraud</u>” by including fraud risk factors in their risk assessments. ISSAI 400:55</p> <p>j) “Auditors should [plan the audit by] developing an <u>audit strategy and an audit plan</u> (...) both the audit strategy and audit plan should be documented in writing.” ISSAI 400:56</p> <p>k) The SAI has established a system to ensure that, at the audit engagement level, its auditors [and any contractors] <u>comply with</u> the following <u>ethical requirements</u>: integrity, independence and objectivity, competence, professional behaviour, confidentiality and transparency. ISSAI 30 (E.g. by avoiding long-term relations with the same audited entity and requiring appropriate declarations from staff in relation to ethics and independence)</p> <p>Score = 4: An independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the SAI’s compliance audit practice has confirmed that the SAI complies with <u>all</u> the level 4 ISSAI requirements relevant to this dimension (including all the above criteria).</p> <p>Score = 3: Criteria (b), (h) and at least six of the other above criteria are in place.</p> <p>Score = 2: Criteria (h) and at least four of the other above criteria are in place.</p> <p>Score = 1: At least two of the above criteria are in place.</p> <p>Score = 0: Less than two of the above criteria are in place.</p>	
Dimension (ii) Implementing Compliance Audits	
<p>a) The auditor has “<u>determine[d] the nature, timing and extent of audit procedures to be performed</u>” in light of the criteria and scope of the audit, characteristics of the audited entity and results of the risk assessment ISSAI 400:54 “for the purpose of obtaining sufficient and appropriate audit evidence” ISSAI 400:57 (If relevant,</p>	ISSAI 400

SAI-16 Dimension & Minimum Criteria for Dimension Score	Key references
<p><i>the SAI's approach to calculating minimum planned sample sizes in response to materiality, risk assessments, and assurance level, has been applied).</i></p> <p>b) "If the auditor comes across <u>instances of non-compliance</u> which may be indicative of fraud, he or she should exercise due professional care and caution so as not to interfere with potential future legal proceedings or investigations" <i>ISSAI 400:55</i> and should follow the SAIs procedures for handling indications of fraud.</p> <p>c) Where <u>external experts</u> are used, "auditors should evaluate whether the expert have the necessary competence, capabilities and objectivity and determine whether the work of the expert is adequate for the purpose of the audit." <i>ISSAI 400:45</i></p> <p>d) "The auditor should gather <u>sufficient appropriate audit evidence</u> to provide the basis for the conclusion or opinion... [including] a variety of evidence gathering procedures of both quantitative and qualitative nature [and] the auditor often needs to combine and compare evidence from different sources" <i>ISSAI 400:57</i></p> <p>e) All <u>planned audit procedures were performed</u>, or where some planned audit procedures which were not performed, there is an appropriate explanation retained on the audit file and this has been approved by those responsible for the audit. <i>SAI PMF Task Team</i></p> <p>Score = 4: An independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the SAI's compliance audit practice has confirmed that the SAI complies with <u>all</u> the level 4 ISSAI requirements relevant to this dimension (including all the above criteria).</p> <p>Score = 3: Criteria (a) and (d) and at least two of the other above criteria are in place.</p> <p>Score = 2: Criteria (a) and at least one of the other above criteria are in place.</p> <p>Score = 1: At least one of the above criteria is in place.</p> <p>Score = 0: None of the above criteria are in place.</p>	
Dimension (iii) Evaluating Audit Evidence, Concluding and Reporting of Compliance Audits	
<p>a) "<u>Documentation</u> should be in sufficient detail to enable an experienced auditor, having no previous connection to the audit, to understand from the audit documentation the following: the relationship between the subject matter, the criteria, the scope of the audit, the risk assessment, the audit strategy and audit plan and the nature, timing and extent and the results of procedures performed; the audit evidence obtained to support the auditor's conclusion, opinion or report; and to record reasoning on all significant matters that required the exercise of professional judgment and related conclusions." <i>ISSAI 400:48</i></p> <p>b) The SAI's requirements for audit <u>documentation</u> have been followed, to ensure "the auditor should prepare relevant audit documentation before the audit report or the auditor's report is issued, and the documentation should be retained for an appropriate period of time" <i>ISSAI 400:48. See also ISSAI 4000:64.</i></p> <p>c) "Auditors should evaluate whether sufficient and appropriate audit evidence is obtained and <u>form relevant conclusions</u>... so as to reduce audit risk to an acceptably low level... the evaluation further includes considerations of materiality... [and] the assurance level of the audit". <i>ISSAI 400:58</i></p>	ISSAI 400

SAI-16 Dimension & Minimum Criteria for Dimension Score	Key references
<p>d) “Auditors should maintain effective <u>communication</u> throughout the audit process”, and during the audit “instances of material non-compliance should be communicated to the appropriate level of management or those charged with governance.” <i>ISSAI 400:49. See also ISSAI 4000:70, 73.</i></p> <p>e) “The SAI’s findings are subject <u>to procedures of comment</u> and the recommendations [or observations] to discussions and responses from the audited entity.” <i>ISSAI 20:3</i></p> <p>f) “Auditors should prepare a <u>report</u> based on the principles of completeness, objectivity, timeliness and a contradictory process” <i>ISSAI 400:59. See also ISSAI 4000:158.</i></p> <p>g) The compliance <u>audit report</u> itself includes the following elements:</p> <ul style="list-style-type: none"> I. Title II. Addressee III. Scope of the audit, including the time period covered IV. Identification or description of the subject matter V. Identified criteria VI. Identification of the auditing standards applied in performing the work VII. A summary of the work performed VIII. Findings IX. A conclusion/opinion X. Responses from the audited entity (as appropriate) XI. Recommendations (as appropriate) XII. Report date XIII. Signature” <i>ISSAI 400:59</i> <p>h) “The <u>report</u> should: be easy to understand and free from vagueness and ambiguity; be complete; include only information which is supported by sufficient and appropriate audit evidence; ensure that findings are put into perspective and context; and be objective and fair”. <i>ISSAI 100:51 (I.e. in the case of long form reports such as management letters).</i></p> <p>i) Any <u>audit observations and recommendations</u> are written clearly and concisely, and are directed to those responsible for ensuring they are implemented.</p> <p>j) “Where an <u>opinion</u> is provided the auditor should state whether it is unmodified or modified on the basis of an evaluation of materiality and pervasiveness” <i>ISSAI 400:59. See also ISSAI 4000:151.</i></p> <p>Score = 4: An independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the SAI’s compliance audit practice has confirmed that the SAI complies with <u>all</u> the level 4 ISSAI requirements relevant to this dimension (including all the above criteria)..</p> <p>Score = 3: Criteria (e) and (f) and at least six of the above criteria are in place.</p> <p>Score = 2: Criterion (e) and at least four criteria are in place.</p> <p>Score = 1: At least two of the above criteria are in place.</p> <p>Score = 0: Less than two of the above criteria are in place.</p>	

SAI-17: Compliance Audit Results

This indicator assesses outputs of the compliance audit function of the SAI, the timely submission and publication of compliance audit reports, and the follow-up of audit observations and recommendations.

Dimensions (i) and (ii) Timely Submission, and Timely Publication of Compliance Audit Results: All results should be submitted to the appropriate authority in a timely manner (dimension i). Submission entails formally sending/giving the audit report to the authority that will be responsible for considering the report and taking appropriate action. Dimension (ii) considers whether compliance audit reports (or summaries where the full reports are very long and detailed) and/or opinions are published as soon as legislation permits. National legislation often prescribes the stage in the process when the SAI is permitted to publish an audit report and/or opinion. The audit report is complete when the decision maker(s) in the SAI (e.g. the Head of SAI) has approved it.

Dimension (iii) Follow-up on implementation of observations and recommendations: SAIs should have an appropriate system for ensuring audited entities take appropriate action on observations and recommendations made by the SAI, and possibly by others charged with governance of the audited entity. This should include the opportunity for the audited entity to respond to the recommendations, as well as the SAI undertaking follow-up, reporting on findings of follow-up activities in an appropriate manner, and where necessary reporting publicly on such findings.

Suggested assessment approach:

The information to score this indicator may be taken from the SAI's management information system, or from a review of a sample of compliance audits undertaken during the period under review.

Dimensions to be assessed:

- (i) Timely Submission of Compliance Audit Results
- (ii) Timely Publication of Compliance Audit Results
- (iii) SAI Follow-up on Implementation of Compliance Audit Observations and Recommendations

SAI-17 Minimum Requirements for Dimension Score	Key references
Dimension (i) Timely Submission of Compliance Audit Results	
Score = 4: For <u>at least 80%</u> of compliance audits, the audit opinion and/or report is submitted to the audited entity or other appropriate authority within the established legal or agreed time frame (or where no timeframe is defined, <u>within 6 months</u> from the end of the period to which the audit relates. <i>ISSAI 10:5, ISSAI 20:8, SAI PMF Task Team</i>	ISSAI 10
Score = 3: For <u>at least 60%</u> of compliance audits, the audit opinion and/or report is submitted to the audited entity or other appropriate authority within the established legal time frame (or where no timeframe is defined, <u>within 9 months</u> from the end of the period to which the audit relates). <i>ISSAI 10:5, ISSAI 20:8, SAI PMF Task Team</i>	ISSAI 20
Score = 2: For <u>at least 40%</u> of compliance audits, the audit opinion and/or report is submitted to the audited entity or other appropriate authority within the established legal time frame (or where no timeframe is defined, <u>within 12 months</u>	

SAI-17 Minimum Requirements for Dimension Score	Key references
<p>from the end of the period to which the audit relates). <i>ISSAI 10:5, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 1: For <u>at least 20%</u> of compliance audits, the audit opinion and/or report is submitted to the audited entity or other appropriate authority within the established legal time frame (or where no timeframe is defined, <u>within 12 months</u> from the end of the period to which the audit relates). <i>ISSAI 10:5, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 0: For <u>less than 20%</u> of compliance audits, the audit opinion and/or report is submitted to the audited entity or other appropriate authority within the established legal time frame (or where no timeframe is defined, <u>within 12 months</u> from the end of the period to which the audit relates). <i>ISSAI 10:5, ISSAI 20:8, SAI PMF Task Team</i></p>	
Dimension (ii) Timely Publication of Compliance Audit Results	
<p>Score = 4: For <u>all</u> audit reports and/or opinions where the SAI has the right and obligation to publish, the report and/or opinion is made available to the public through appropriate means <u>within 15 days</u> after the SAI is permitted to publish. <i>ISSAI 10:6, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 3: For <u>all</u> audit reports and/or opinions where the SAI has the right and obligation to publish, the report and/or opinion is made available to the public through appropriate means <u>within 30 days</u> after the SAI is permitted to publish. <i>ISSAI 10:6, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 2: For <u>at least 75%</u> of audit reports and/or opinions where the SAI has the right and obligation to publish, the report and/or opinion is made available to the public through appropriate means <u>within 60 days</u> after the SAI is permitted to publish. <i>ISSAI 10:6, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 1: For <u>at least 50%</u> of audit reports and/or opinions where the SAI has the right and obligation to publish, the report and/or opinion is made available to the public through appropriate means <u>within 60 days</u> after the SAI is permitted to publish. <i>ISSAI 10:6, ISSAI 20:8, SAI PMF Task Team</i></p> <p>Score = 0: For <u>less than 50%</u> of audit reports and/or opinions where the SAI has the right and obligation to publish, the report and/or opinion is made available to the public through appropriate means <u>within 60 days</u> after the SAI is permitted to publish. <i>ISSAI 10:6, ISSAI 20:8, SAI PMF Task Team</i></p>	<p>ISSAI 10</p> <p>ISSAI 20</p>
Dimension (iii) SAI Follow-up on Implementation of Compliance Audit Observations and Recommendations	
<p>a) "SAIs have their own internal follow-up system to ensure that the audited entities properly address their observations and recommendations as well as those made by the Legislature, one of its commissions, or the auditee's governing board, as appropriate." <i>ISSAI 10:7</i></p> <p>b) "Follow-up focuses on whether the audited entity has <u>adequately addressed</u> the matters raised [in previous audits]." <i>ISSAI 100: 51</i></p> <p>c) "SAIs' follow-up procedures allow for the audited entity to provide information on corrective measures taken or why corrective actions were not taken." <i>ISSAI 20:3</i></p> <p>d) "SAIs submit their follow-up reports to the Legislature, one of its commissions, or the auditee's governing board, as appropriate, for consideration and action, even when SAIs have their own statutory power for follow-up and sanctions." <i>ISSAI 10:7</i></p>	<p>ISSAI 10</p> <p>ISSAI 20</p> <p>ISSAI 100</p>

SAI-17 Minimum Requirements for Dimension Score	Key references
<p>e) "SAIs report publicly on the results of their audits...[including] on the follow-up measures taken with respect to their recommendations" <i>ISSAI 20:7</i></p> <p>f) The SAI has established a practice for evaluating <u>materiality</u> in order to determine when a follow-up requires new additional investigations/audits. <i>SAI PMF Task Team, ISSAI 100:41.</i></p> <p>Score = 4: All of the above criteria are in place. Score = 3: At least five of the above are in place. Score = 2: At least three of the above criteria are in place. Score = 1: At least one of the above criteria is in place. Score = 0: None of the above criteria are in place.</p>	

Introduction to Indicators for Jurisdictional Control

The objective of jurisdictional control is to make rulings in the form of specific decisions: orders, rulings or ordinances on the personal and financial liability of public accountants. In some cases, the jurisdictional control results in a ruling on the legal liability of public managers via collegial decisions and, potentially, sanctioning them for any irregularity. Jurisdictional control implies verification of compliance with applicable standards as well as the implementation of a contradictory and mainly written procedure laid down in law and in regulations.

Each jurisdiction in the public sector needs a full set of rules and standards at the relevant level (law, regulations) establishing a liability regime for its public managers (including accountants), including requirements for its implementation applied to the jurisdictional process. Jurisdictional control allows the SAI to check if public managers, under a specific liability regime set by the law and regulations, fulfilled the assigned duties bestowed by the law and regulations. If they do not fulfil their duties, public managers are held responsible. It is strictly limited to the compliance with the said duties.

The principles specific to jurisdictional control for SAIs with jurisdictional functions are not described in the ISSAI framework, so criteria have been developed on the basis of good practices pertaining to this process, by a reference group of SAIs with jurisdictional functions based on a common agreement among these that the indicators reflect different practices for jurisdictional SAIs globally.

How to determine if a control is a jurisdictional control

Jurisdictional control is a competence bestowed by the law. Its legal framework sets its purpose, its content and process. Assessors must make sure that the controls presented as jurisdictional are consistent with the terms of this legal framework.

Although jurisdictional control in some cases can be conducted as a specific type of control, it can also be conducted jointly with other types of control. In planning the SAI PMF assessment, assessors should consider the most appropriate sources of information to score these indicators. This may involve combining evidence from different types of controls which contain jurisdictional elements, but in all cases it should be clear which sample the results are based on.

SAI-18: Jurisdictional Control Standards and Quality Management

This indicator is specific to the fundamental principles of jurisdictional control. SAI-18 looks at the foundations for jurisdictional control, including jurisdictional control standards and guidance material, as well as the SAI's processes to ensure the quality of jurisdictional controls. The SAI's overall systems for ensuring quality of the audit/control work are assessed in the indicators on quality control in SAI-4, and staff recruitment and training in relevant audit/control disciplines in SAI-22 and SAI-23.

Dimensions to be assessed:

- (i) Jurisdictional Control Standards and Policies
- (ii) Jurisdictional Control Team Management and Skills
- (iii) Quality Control of Jurisdictional Controls

(i) Jurisdictional Control Standards and Policies: The Constitution and laws define the principles and the standards by which public managers and accountants must abide, and define how they will be held accountable for any non-compliance. In some countries, the legal framework gives the SAI authority to issue specific regulations about how the process of jurisdictional controls will be implemented.

(ii) Jurisdictional Control Team Management and Skills: The dimension examines whether the SAI has established a system for ensuring that the members of the jurisdictional control team collectively possess the professional competence and skills necessary to carry out the control in question. It also looks at what support the SAI provides to its controllers in the jurisdictional control process. To score the dimension, the assessors may look at the SAI's policies and procedures for composing control teams, as well as guidance material and other support provided to the controllers. To verify that the system for control team composition is implemented in practice, the assessors may examine planning documentation for the sample of controls.

(iii) Quality Control of Jurisdictional Controls: Examines how quality control measures for jurisdictional controls have been implemented in practice, as evidenced through a review of jurisdictional control files. Quality control of the jurisdictional control process describes the sum of the measures taken to ensure high quality of each control product and is carried out as an integrated part of the control process. Two offices play a main role in the quality control of jurisdictional control: the Public Prosecutor's office and the Clerk of the court's office. Please note that the SAI's system of quality control at the organizational level is measured elsewhere in the framework (SAI-4 (iii)).

SAI-18 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Jurisdictional Control Standards and Policies	
a) There is a legal framework that outlines the processes of jurisdictional controls and defines key roles and responsibilities (<i>E.g. who can be held accountable, how and when jurisdictional control processes start and finish, what are the parties involved and what are their roles</i>)	ISSAI 100 SAI PMF Task Team
b) The SAI has issued detailed jurisdictional control standards that: (i) are compatible with the upper level legislation and, (ii) if applicable, describe clearly what policies	

SAI-18 Dimension & Minimum Criteria for Dimension Score	Key references
<p>and/or principles must be complied with by public managers/accountants or anyone in charge of public assets.</p> <p>c) Where appropriate, the SAI has communicated those standards to all those who are under its jurisdiction.</p> <p>d) The law or the SAI's internal regulations clearly describe and communicate to those who must render accounts to the SAI what documents, reports and information must be sent to or submitted to the SAI.</p> <p>e) There is a process established in law or regulation describing how the SAI should act in case of non-compliance by those who must render accounts to the SAI.</p> <p>f) There are sanctions established in legislation applicable in case of non-compliance by those who must render accounts to the SAI.</p> <p>g) The SAI follows up those entities that did not render accounts to it or have done it but not in time and/or not in accordance with the established procedures.</p> <p>Score = 4: All of the criteria above are met.</p> <p>Score = 3: Criterion a) and at least four of the other criteria above are met.</p> <p>Score = 2: Criterion a) and at least three of the other criteria above are met.</p> <p>Score = 1: At least three of the criteria above are met.</p> <p>Score = 0: Less than three of the criteria above are met.</p>	
Dimension (ii) Jurisdictional Control Team Management and Skills	
<p>The SAI has established a system to ensure that individuals in the control team collectively possess the knowledge, skills and expertise necessary to successfully complete the jurisdictional control. This includes:</p> <p>a) A good understanding of and practical experience from jurisdictional control.</p> <p>b) A good understanding of applicable standards, laws and regulations.</p> <p>c) A sufficient understanding of the relevant characteristics of the entity that is being controlled.</p> <p>d) The skills and experience needed to demonstrate professional judgment.</p> <p>The system ensures that:</p> <p>e) The knowledge, skills and expertise required for conducting the control are identified.</p> <p>f) If external experts are used, it is evaluated whether they have the necessary competence, capabilities and objectivity.</p> <p>g) The SAI provides control personnel with support services to help them implement the adopted control standards and ethical rules and to improve their professional skills (<i>E.g. provision of guides, opportunity to improve their skills on a day-to-day basis, possibility of consulting experts as required, pooling of professional experience, dialogue with other control personnel.</i>)</p> <p>Score = 4: All of the criteria above are in place.</p> <p>Score = 3: Criteria a), b), d), e) and f) are met.</p> <p>Score = 2: Criteria a), b), d) and e) are met.</p> <p>Score = 1: At least two of the criteria above are met.</p> <p>Score = 0: Less than two of the criteria above are met.</p>	SAI PMF Task Team
Dimension (iii) Quality Control of Jurisdictional Controls	

SAI-18 Dimension & Minimum Criteria for Dimension Score	Key references
<p>a) All work undertaken must be reviewed with the aim of promoting quality, learning and professional development (<i>Including examining the outline control plan, worksheets and the team's work, and case supervision and review</i>).</p> <p>b) The SAI implements quality control procedures at every stage of a jurisdictional control.</p> <p>c) The SAI can call on appropriate resources (such as technical experts) if needed.</p> <p>d) Jurisdictional decisions by the SAI are subject to appeal.</p> <p>e) The number of appeals that lead to a change of the decisions of jurisdictional control is reasonably low.</p> <p>Score = 4: All of the criteria above are in place.</p> <p>Score = 3: At least three of the criteria above are in place.</p> <p>Score = 2: At least two of the criteria above are in place.</p> <p>Score = 1: At least one of the criteria above is in place.</p> <p>Score = 0: None of the criteria above are in place.</p>	<p>SAI PMF Task Team</p>

SAI-19: Jurisdictional Control Process

The indicator looks at how jurisdictional control is carried out in practice. It distinctly examines the planning phase, the implementation phase and the decision phase. The scoring of this indicator should be done on the basis of a review of a sample of jurisdictional control files from the period under review. It may also be helpful to interview the teams that conducted the jurisdictional controls.

Suggested assessment approach

The scoring of this indicator should be done on the basis of a review of a sample of jurisdictional control files from the period under review. It may also be helpful to interview the control teams that conducted the jurisdictional controls. The file review should cover work files, working papers, provisional reports and documentation of the process and decisions in relation to the ruling. For dimension (iii) the assessor also needs to assess the foundation and practice for the decision-making, supporting this with observations from the sample, while dimension (iv) requires the review of the documentation from the final decision.

As a rule, the issues covered by the criteria should be documented for the criteria to be considered met, for example in the control plan. The assessment of this indicator should not violate neither confidentiality of control diligence/investigation nor the confidentiality of the deliberation.

Dimensions to be assessed:

- (i) Planning of jurisdictional controls
- (ii) Implementing jurisdictional controls
- (iii) Decision-making process during jurisdictional controls
- (iv) Final decision of jurisdictional controls

(i) Planning of jurisdictional controls: The proper management of a control, duly decided by the SAI, requires that the controller gathers knowledge on the subject of the control, and that the goals of the control and the means to reach them (for example, skills or schedule) are clearly stated.

(ii) Implementing jurisdictional controls: When the judgment has a temporary and a definitive ruling, the dimension will include control activities related to both of them.

(iii) Decision-making process during jurisdictional controls: The decision resulting from a jurisdictional control rests on the presentation of the investigation results by the magistrate in charge of the control, the opinion of the Public Prosecutor's Office and the deliberation of one or several magistrates. There can also be cases with legal provision for monocratic decisions. Whether the hearing is public or not, the jurisdictional decision-making process should always be adversarial. Public managers (including accountants) with presumed charges should have an opportunity to present their observations or arguments.

(iv) Final decision of jurisdictional controls: The jurisdictional SAI's decision is a legal and formal one directed towards those responsible for the controlled object (for example, act or account). Therefore, it should be delivered in accordance with laws and regulations. The final decision must be easy to

understand, clear, unambiguous and comprehensive. It should present the arguments of all parties, and operative clauses should be stated clearly and consistent with the reasons for the decision.

SAI-19 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Planning of Jurisdictional Controls	
<p>When planning a jurisdictional control, those responsible for the control should:</p> <ul style="list-style-type: none"> a) Acquire sufficient knowledge before the control, so as to ensure that the control plan is well designed. b) Apply a risk-based strategy focused on the system, taking into account the specific characteristics of the controlled party. c) In the case of jurisdictional control of accounts, formulate a control objective. d) Include a timetable and implementation calendar. e) All planned controls are included in the SAI's annual work programme. f) The SAI has established a system to ensure that, at the level of each control, those responsible for the control comply with the following ethical requirements: integrity, independence and objectivity, competence, professional behavior, confidentiality and transparency. <i>ISSAI 30. (E.g. by avoiding long-term relations with the same controlled entity and requiring appropriate declarations from SAI staff in relation to ethics and independence).</i> <p>Score = 4: All of the criteria above are in place. Score = 3: At least four of the criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least two of the criteria above are in place. Score = 0: Less than two of the criteria above are in place.</p>	<p>SAI PMF Task Team</p> <p>ISSAI 30</p>
Dimension (ii) Implementing Jurisdictional Controls	
<p>When implementing the control, those responsible for the control must:</p> <ul style="list-style-type: none"> a) Inform the controlled party that the control is being initiated. b) Establish good communication with the controlled party. c) Work systematically, with due diligence and objectivity. d) Establish, compile and archive comprehensive and sufficiently detailed documentation up to and including the final decision and in compliance with applicable domestic regulations. e) Apply sound methods for managing the control process. f) Notify the respondent of the observed irregularities. <p>Score = 4: All of the criteria above are in place Score = 3: At least four of the criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least two of the criteria above are in place. Score = 0: Less than two of the criteria above are in place.</p>	<p>SAI PMF Task Team</p>
Dimension (iii) Decision-making Process During Jurisdictional Controls	
<ul style="list-style-type: none"> a) A public or non-public session is held, in accordance with domestic regulations. b) There is communication with and/or attendance by the Public Prosecutor in the jurisdictional control process. c) The composition of the subdivision of the court that judges the cases is documented in legal texts or internal regulations. 	<p>SAI PMF Task Team</p>

SAI-19 Dimension & Minimum Criteria for Dimension Score	Key references
<p>d) The rapporteur's involvement in the decision-making process is in accordance with domestic regulations.</p> <p>e) The decision that holds a public manager responsible is collegial.</p> <p>Score = 4: All of the criteria above are in place</p> <p>Score = 3: At least four of the criteria above are in place.</p> <p>Score = 2: At least three of the criteria above are in place.</p> <p>Score = 1: At least two of the criteria above are in place.</p> <p>Score = 0: Less than two of the criteria above are in place.</p>	
Dimension (iv) Final Decision of the Jurisdictional Control	
<p>a) The final decision refers to the legal documents applicable to the case.</p> <p>b) The final decision exposes the arguments of all parties.</p> <p>c) The final decision is justified.</p> <p>d) The form of the decision is in accordance with laws and regulations.</p> <p>e) The final decision is easy to understand, clear, unambiguous and comprehensive.</p> <p>f) Operative clauses included in the decisions are stated clearly and are consistent with the reasons for the decision.</p> <p>Score = 4: All of the criteria above are in place</p> <p>Score = 3: At least four of the criteria above are in place.</p> <p>Score = 2: At least three of the criteria above are in place.</p> <p>Score = 1: At least two of the criteria above are in place.</p> <p>Score = 0: Less than two of the criteria above are in place.</p>	SAI PMF Task Team

SAI-20: Results of Jurisdictional Controls

The results of jurisdictional controls are decisions, such as judgments, orders, and legal ordinances against public managers (including accountants). Although implementing these decisions lies outside the remit of the SAI, this indicator assesses how the jurisdictional SAI manages the decision, through notification, publication and later follow-up of information received about the implementation.

Suggested assessment approach

The information needed to assess this indicator can be found in the SAI's management information system, and through examining a sample of files for jurisdictional controls in the period under review.

Dimensions to be assessed:

- (i) Notification of decisions relating to jurisdictional control
- (ii) Publication of decisions relating to jurisdictional control
- (iii) Follow-up by the SAI on the implementation of decisions relating to jurisdictional control

(i) Notification of decisions from jurisdictional control: After a final decision has been made, the controlled party should be notified. This dimension assesses the notification practices of jurisdictional SAIs, measuring the percentage of final decisions following jurisdictional controls being notified to parties within an agreed benchmark period.

(ii) Publication of decisions relating to jurisdictional control: In general, jurisdictional decisions by SAIs may be published and communicated; however, publication is not automatic and is a matter of choice for the SAI. This dimension assesses the publication practices of jurisdictional SAIs, measuring the percentage of notified decisions being published within the year of notification.

(iii) Follow-up by the SAI of the implementation of decisions relating to jurisdictional control: The implementation of decisions from jurisdictional controls may fall outside the SAI's remit. However, the SAI can still monitor these decisions, and verify their implementation (for instance, the Ministry of Finance sends a list of balances due, outstanding amounts to be collected, etc.). When a decision has been implemented, in many cases, the SAI then needs to reset the status of the responsible for the accounts in question.

SAI-20 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Notification of Decisions Relating to Jurisdictional Control	
Score = 4: More than 90 % of the decisions taken in the last 3 years were notified within 2 months of the final decision. Score = 3: More than 80 % of the decisions taken in the last 3 years were notified within 3 months of the final decision. Score = 2: More than 70 % of the decisions taken in the last 3 years were notified within 4 months of the final decision. Score = 1: More than 50 % of the decisions taken in the last 3 years were notified within 6 months of the final decision. Score = 0: Less than 50 % of the decisions taken in the last 3 years were notified within 6 months of the final decision.	

SAI-20 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (ii) Publication of Decisions Relating to Jurisdictional Control	
<p>Score = 4: More than 90 % of the decisions notified in the last three years were published within 4 months of the notification.</p> <p>Score = 3: More than 75 % of the decisions notified in the last three years were published within 5 months of the notification.</p> <p>Score = 2: More than 60 % of the decisions notified in the last three years were published within 6 months of the notification.</p> <p>Score = 1: More than 50 % of the decisions notified in the last three years were published within 12 months of the notification.</p> <p>Score = 0: Less than 50 % of the decisions notified in the last three years were published within 12 months of the notification.</p>	
Dimension (iii) Follow-up by the SAI of the Implementation of Decisions Relating to Jurisdictional Control	
<p>a) The SAI has a system for monitoring the implementation of its decisions, either directly or with the help of the public administration.</p> <p>b) Where a decision is not implemented, the SAI takes action after a predetermined period.</p> <p>c) When the SAI receives notification that the decision has been implemented, it resets the status of those responsible for the account in a timely manner.</p> <p>Score = 4: All of the criteria above are in place.</p> <p>Score = 3: Two of the criteria above are in place.</p> <p>Score = 2: One of the criteria above are in place.</p> <p>Score = 1: None of the criteria are met, but a follow-up system is under development.</p> <p>Score = 0: None of the criteria are met, and there is no follow-up system under development.</p>	

Domain D: Financial Management, Assets and Support Services

An SAI should manage its operations economically, efficiently, effectively and in accordance with laws and regulations (ISSAI 20:6).

SAIs must apply good management principles to ensure best use of its resources. This applies both to the day-to-day supervision of staff, and also appropriate internal controls over its financial management and operations.

This means that the SAI should have an appropriate organizational management and support structure that provides good governance and supports internal control and management practices (ISSAI 12, principle 9). This equally applies to the SAI's financial management, asset management and support services.

Domain D consists of one indicator that covers the main dimensions and criteria required for an SAI to demonstrate accountability for how it manages its finances, assets, and support services to achieve its objectives.

Performance indicators

SAI-21: Financial Management, Assets and Support Services

SAI-21: Financial Management, Assets and Support Services

SAIs require adequate financial resources, assets and well managed support services to function effectively. Management of financial resources must follow a system characterized by transparency and accountability, including internal control and documentation of costs. An SAI also needs to demonstrate effective planning and use of its assets, including offices and training centres, vehicles, archiving facilities, office equipment and IT hardware and software. To make the best use of infrastructure and equipment, the SAI needs well-functioning support services to manage, for example, IT, finance, archiving, and assets.

Dimensions to be assessed:

- (i) Financial Management
- (ii) Planning and Effective Use of Assets and Infrastructure
- (iii) Administrative Support Services

(i) Financial Management: SAIs “should have available necessary and reasonable human, material, and monetary resources” and SAIs should “manage their own budget and allocate it appropriately” (ISSAI 10:8). The internal control environment should provide assurance that the SAI’s resources are safeguarded against loss due to waste, abuse, mismanagement, errors, fraud or other irregularities. It should also provide assurance that the SAI adheres to laws, regulations and management directives, and that the SAI develops and maintains reliable financial data.

(ii) Planning and Effective Use of Assets and Infrastructure: SAI assets would normally include buildings, training and archiving facilities, vehicles, IT networks, hardware and software. To ensure these assets are well managed, SAIs should: develop short- and long-term asset management plans based on current and future anticipated needs; regularly review asset utilisation to ensure assets are used effectively; and report to the Legislature where it considers its current assets and infrastructure to be insufficient.

(iii) Administrative Support Services: Administrative functions, IT support and archiving are vital parts of knowledge and information management, and in audits they enable the SAI to maintain an overview, monitor work progress and retrace audit trails, as well as manage documentation according to rules of confidentiality and storage.

SAI-21 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Financial Management	
To ensure effective management of its financial resources, the SAI should:	ISSAI 12
a) Clearly assign <u>responsibilities</u> for major financial management activities. <i>INTOSAI GOV 9100:pg. 29.</i>	ISSAI 20
b) Have a system of <u>delegation of authority</u> to commit/incur and approve expenditure on behalf of the SAI. <i>INTOSAI GOV 9100:pg.29.</i>	INTOSAI GOV 9100
c) Have financial <u>manuals</u> and/or regulations in place and make them available to all staff. <i>ISSAI 20:1, INTOSAI GOV 9100:pg.10, 36-38.</i>	
d) Ensure <u>staff</u> tasked with budgeting and accounting have the appropriate skill set, experience, and resources to do the job. <i>Derived from ISSAI 12:9, ISSAI 20:6, INTOSAI GOV 9100 pg. 18.</i>	

SAI-21 Dimension & Minimum Criteria for Dimension Score	Key references
<p>e) Have clear timetables and procedures governing the <u>budgeting</u> process. <i>Derived from ISSAI 20:6.</i></p> <p>f) Have a functioning <u>Management Information System</u>, which includes financial and performance information. <i>Derived from ISSAI 12:9, ISSAI 20:6, INTOSAI GOV 9100 pg. 10.</i></p> <p>g) Have a functioning staff <u>cost recording</u> system. <i>Derived from ISSAI 12:9, ISSAI 20:6, INTOSAI GOV 9100 pg. 10.</i></p> <p>h) Manage its <u>actual expenditure</u> so that in no more than one out of the last three years has the SAI's actual expenditure deviated from budgeted expenditure by an amount equivalent to more than 10 % of the expenditure in the latest approved budget. <i>Derived from ISSAI 12:8, ISSAI 20:6.</i></p> <p>i) The SAI annually prepares a <u>financial statement</u>/financial report following a relevant and appropriate financial reporting framework. <i>ISSAI 20:6.</i></p> <p>j) The "SAIs' financial statements are made public and are subject to external <u>independent audit</u> or parliamentary review". <i>ISSAI 20:6.</i></p> <p>k) When required by law or applicable regulation, the SAI has received an unmodified or <u>unqualified audit opinion</u> on its last audited/reviewed financial statements and ensured adequate and appropriate response to the audit/review report and/or management letter and recommendations made. <i>(NB: where the SAI's activities are reported as part of the overall public accounts, they should be disclosed as a separate note in accordance with the applicable financial reporting framework and there should be no qualification in relation to the note on the SAI's activities).</i> <i>Derived from ISSAI 20:6.</i></p> <p>Score = 4: All of the above criteria are in place. Score = 3: At least eight of the criteria above are in place. Score = 2: At least five of the criteria above are in place. Score = 1: At least two of the criteria above are in place. Score = 0: Less than two of the criteria above are in place.</p>	
Dimension (ii) Planning and Effective Use of Assets and Infrastructure	
<p>a) The SAI has developed a long-term <u>strategy</u> or plan for its physical infrastructure needs, and a shorter-term plan for its IT needs, based on current and anticipated future staffing levels. <i>Building Capacity in Supreme Audit Institutions pg. 45, 49.</i></p> <p>b) Where relevant, the SAI has <u>reviewed</u> the size, staffing and locations of its accommodation in relation to the location of its audit clients within the past 5 years, and any proposals for improvement have been addressed. <i>Derived from ISSAI 20:6, SAI PMF Task Team.</i></p> <p>c) The SAI has reviewed the adequacy of its <u>IT infrastructure</u> (including computers, software and IT network) within the past 3 years, and any proposals for improvement have been addressed. <i>Building Capacity in Supreme Audit Institutions pg. 48-50, SAI PMF Task Team. (E.g. using the EUROSAT IT Self-Assessment methodology (ITSA)).</i></p> <p>d) The SAI <u>reports</u> on any inadequacies relating to its assets and infrastructure in its annual report or similar when relevant matters arise. <i>Derived from ISSAI 12:1</i></p> <p>e) The SAI has secured access to appropriate <u>archiving</u> facilities, which enable all relevant records to be stored securely over several years and accessed when needed. <i>INTOSAI GOV 9100:pg. 11.</i></p>	<p>ISSAI 12</p> <p>ISSAI 20</p> <p>INTOSAI GOV 9100</p> <p>CBC Guide on Building Capacity in Supreme Audit Institutions</p>

SAI-21 Dimension & Minimum Criteria for Dimension Score	Key references
<p>Score = 4: All of the criteria above are in place</p> <p>Score = 3: At least four of the criteria above are in place.</p> <p>Score = 2: At least two of the criteria above are in place.</p> <p>Score = 1: At least one of the criteria above is in place.</p> <p>Score = 0: None of the criteria above are in place.</p>	
Dimension (iii) Administrative Support Services	
<p>The SAI should have appropriate administrative support to function and maintain its assets and infrastructure effectively:</p> <p>a) Responsibility for <u>IT support</u> is clearly assigned and the staff tasked with this have the appropriate skill set and resources to do the job. <i>Derived from ISSAI 12:9, ISSAI 20:6, INTOSAI GOV 9100 pg. 18.</i></p> <p>b) Responsibility for file management and <u>archiving</u> is clearly assigned and the staff tasked with this have the appropriate skills set and resources to do the job. <i>Derived from ISSAI 12:9, ISSAI 20:6, INTOSAI GOV 9100 pg. 18.</i></p> <p>c) Responsibility for management of all major categories of <u>assets</u> and infrastructure is clearly assigned and the staff tasked with this have the appropriate skill set and resources to do the job. <i>Derived from ISSAI 12:9, ISSAI 20:6, INTOSAI GOV 9100 pg. 18.</i></p> <p>d) All <u>administrative support</u> functions have been reviewed within the past 5 years and any proposals for improvement were addressed. <i>Derived from ISSAI 20:6, Building Capacity in Supreme Audit Institutions pg. 46, SAI PMF Task Team.</i></p> <p>Score = 4: All of the criteria above are in place.</p> <p>Score = 3: At least three of the criteria above are in place.</p> <p>Score = 2: At least two of the criteria above are in place.</p> <p>Score = 1: At least one of the criteria above is in place.</p> <p>Score = 0: None of the criteria above is in place.</p>	<p>ISSAI 12</p> <p>ISSAI 20</p> <p>INTOSAI GOV 9100</p>

Domain E: Human Resources and Training

The Lima Declaration (ISSAI 1) recognizes that an effective SAI is dependent on its ability to recruit, retain, and effectively deploy highly skilled, hard-working and motivated staff. It is the responsibility of the SAI's management to ensure that an SAI has the right staff at the right time and that it can deploy them effectively.

ISSAI 40 identifies the contribution of human resource management to helping deliver high quality audit work. ISSAI 40 states that SAIs shall establish human resource policies and procedures that provide it with reasonable assurance that it has sufficient personnel with the required competence, capabilities and commitment to ethical principles. ISSAI 100 states, for all audits, "the need to recruit personnel with suitable qualifications, offer staff development and training [and that] auditors should maintain their professional competence through ongoing professional development." (ISSAI 100:39).

To ensure that staff remain adequately skilled, while developing professionally and being up-to-date on standards and audit methods, the SAI needs to approach professional development in a strategic manner. Domain E looks at the SAI's performance in managing and developing its human resources.

Some SAIs may rely on a public sector staffing agency to carry out the functions of recruitment, payroll, staff development etc. Still, many SAIs establish human resource functions as a result of increased organizational autonomy, or in line with their objectives for organizational development. These have both a 'traditional' responsibility for personnel, and a strategic role in helping managers to identify and meet long-term strategic staffing needs. (CBC HRM Guide: pg. 5)

Link with Indicators in Domain A (Independence and Legal Framework)

Where the Executive is closely involved in the SAI's human resource management, assessors should be careful to ensure that Domain E measures the performance of factors that are within the control of the SAI. Indicator dimensions and criteria which relate to policies and processes determined outside the SAI should be considered not applicable, and the No Score methodology should be applied (see section 3.2.4). Any lack of independence regarding human resource management should be noted in the narrative performance report. An assessment of the human resource management system which is performed outside the SAI may also be included in the narrative performance report, but should not be reflected in the indicator scores. Such involvement of the Executive in human resource management will be reflected through lower scores on SAI-1 dimension (iii) Organisational Independence / Autonomy.

Where decisions on recruitment, remuneration and promotion are taken by the Executive, the SAI should ensure that suitable systems are in place to protect the independence of the SAI's staff in its conduct of audit. These factors should be taken into account by the assessor and mentioned in the narrative performance report. The assessor should consider whether suitable systems are in place to protect the independence of the SAI.

In SAIs with jurisdictional functions, there are usually two kinds of staff: control personnel including magistrates, and administrative or support personnel. Control personnel (Magistrates or Judges,

Rapporteurs, Auditors and Assistants) and Court Registrars are civil servants whose recruitment, remuneration and promotion all depend on laws, regulations and practices governing the civil service. Magistrates (or Judges) should be granted independence in their work by national law. This means that the legal framework should provide for the judges' irremovability from their appointed positions. Criteria for promotion may not always be clearly defined.

Sources of good practice for this domain are ISSAI 40, the INTOSAI Capacity Building Committee's Guide on Human Resource Management (CBC HRM Guide) and the AFROSAI-E Institutional Capacity Building Framework (AFROSAI-E ICBF).

Performance Indicators:

SAI-22: Human Resource Management

SAI-23: Professional Development and Training

SAI-22: Human Resource Management

This indicator assesses elements of the SAI's human resource management. According to ISSAI 40, the SAI's human resource policies and procedures should include [among other things]: recruitment, professional development, performance evaluation and promotion. (ISSAI 40: pg 10).

In some countries SAI staff are part of the public sector pool of employees, and are therefore not recruited directly by the SAI. While there may be advantages to this solution, it may also affect its independence. This should then be reflected in SAI-1.

Suggested assessment approach

In evaluating an SAI's human resource management, assessors should establish which functions are under the control of the SAI itself. Indicator dimensions and criteria which relate to functions and processes determined outside the SAI should be considered not applicable, and the no score methodology should be applied (see section 3.2.4). However, human resource management functions and processes should still be explained in the narrative description of the indicator.

Dimensions to be assessed:

- (i) Human Resources Function
- (ii) Human Resources Strategy
- (iii) Human Resources Recruitment
- (iv) Remuneration, Promotion and Staff Welfare

(i) Human Resource Function: Human resource management staff need a broad set of competencies including skills and knowledge of change management, stakeholder management and influencing.

(ii) Human Resource Strategy: A human resources strategy aligns human resources with the intended direction of an organization. The strategy is underpinned by values, culture, principles etc. It may be a stand-alone document or integrated into other documents such as the SAI's strategic plan. The following aspects of human resources need to be emphasized in its strategy: recruitment, performance management, training and development, retention, and staff welfare.

(iii) Human Resources Recruitment: An SAI should have transparent recruitment processes, which should be driven by assessments of its needs.

(iv) Remuneration, Promotion and Staff Welfare: In order to keep staff motivated, an SAI needs to evaluate individual performance and use this as a basis for promotion and remuneration decisions. Equally, the SAI needs to create and maintain a safe work environment where staff are free to voice concerns.

SAI-22 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Human Resources Function	
The SAI should assign the responsibility of the human resource management <u>function</u> to an individual or department:	ISSAI 40

SAI-22 Dimension & Minimum Criteria for Dimension Score	Key references
<p>a) Who have the <u>appropriate skill set, experience, and resources</u> to do the job. <i>ISSAI 40: pg 10</i></p> <p>The human resource function has the responsibility for <i>(derived from CBC HRM Guide)</i>:</p> <p>b) Developing and maintaining a human resources <u>strategy and policies</u></p> <p>c) Developing and maintaining a <u>competency framework</u></p> <p>d) Providing <u>guidance and consultation</u> on human resource matters</p> <p>e) Maintaining a <u>performance evaluation appraisal</u> system</p> <p>f) Scheduling suitable <u>professional development</u> opportunities</p> <p>g) Maintaining <u>personnel files</u> (e.g. signed code of ethics, and continuing professional development reports).</p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least five of the criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	<p>CBC HRM Guide</p>
Dimension (ii) Human Resource Strategy	
<p>The SAI should have a human resource strategy which:</p> <p>a) Is <u>aligned</u> with the strategic plan/objectives of the SAI. <i>AFROSAI-E ICBF: pg. 12</i></p> <p>b) <u>Covers</u> recruitment, retention, remuneration, performance appraisal, professional development. <i>CBC HRM Guide: pg. 10-11, SAI PMF Task Team</i></p> <p>c) Contains considerations about the <u>number and type of staff</u> required for the strategic planning period. <i>CBC HRM Guide: pg. 10-11</i></p> <p>d) Has <u>indicators, baselines and targets</u> (e.g. for turnover, vacancies and sickness rates). <i>CBC HRM Guide: pg. 11</i></p> <p>e) <u>Achievement</u> of the targets in the strategy is <u>monitored</u> annually. <i>SAI PMF Task Team</i></p> <p>f) The strategy is communicated to all staff. <i>SAI PMF Task Team</i></p> <p>g) The Human resource strategy is <u>reviewed and regularly updated</u>, at a minimum once every five years. <i>Derived from CBC HRM Guide: pg. 10-13</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least five of the criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least one of the criteria above are in place. Score = 0: None of the criteria above are in place.</p>	<p>CBC HRM Guide</p> <p>AFROSAI-E ICBF</p>
Dimension (iii) Human Resources Recruitment	
<p>The SAI's recruitment processes should have the following features:</p> <p>a) There are <u>written procedures</u> in place for recruitment (and minimum qualification requirements for recruited staff). <i>ISSAI 40: pg 10</i></p> <p>b) The procedures for recruitment are <u>made public</u>. <i>CBC HRM Guide: pg. 19</i></p> <p>c) The procedures for recruitment <u>promote diversity</u>. <i>CBC HRM Guide: pg. 19</i></p> <p>d) In recent recruitments, the decision making process involved <u>more than one person</u>. <i>Derived from CBC HRM Guide: pg. 19-20</i></p> <p>e) Current overall recruitment plans are based on an <u>analysis of organizational needs</u>, considering matters such as vacancies, existing competencies and skills</p>	<p>ISSAI 40</p> <p>CBC HRM Guide</p> <p>AFROSAI-E ICBF</p>

SAI-22 Dimension & Minimum Criteria for Dimension Score	Key references
<p>levels, and staff turnover rates. <i>Derived from CBC HRM Guide: pg. 10-21 and AFROSAI-E ICBF: pg. 11</i></p> <p>f) Advertisements of positions during the last year included a description of the <u>skills and experiences</u> needed, and were <u>made public</u>. <i>Derived from CBC HRM Guide: pg. 19-20</i></p> <p>g) Internal human resources are supplemented by <u>outside expertise as required</u>, and the SAI has procedures in place to ensure the quality of the deliverables. <i>ISSAI 40: pg 9-10</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least five of the criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least one of the criteria above are in place. Score = 0: None of the criteria above are in place.</p>	
Dimension (iv) Remuneration, Promotion and Staff Welfare	
<p>The SAI should have effective remuneration, promotion and staff welfare practices in place as demonstrated by:</p> <p>a) There are established routines to ensure <u>individual performance appraisals</u> take place at least once a year. <i>CBC HRM Guide: pg. 23, SAI PMF Task Team</i></p> <p>b) The most recent performance appraisal assessed the employee's performance against the <u>job description</u> or <u>performance agreement</u> made the previous year. <i>CBC HRM Guide: pg. 24</i></p> <p>c) <i>Where it lies within the SAI's powers</i>, there is evidence that the most recent remuneration decisions and any awarding of bonuses were in accordance with <u>established procedures</u>. <i>SAI PMF Task Team</i></p> <p>d) The promotions procedure takes into account an <u>assessment of performance</u> and <u>potential to perform</u> at the higher level. <i>CBC HRM Guide: pg. 23-24</i></p> <p>e) Promotions awarded during the past year, or the last two promotion decisions, followed <u>established procedures</u>. <i>SAI PMF Task Team</i></p> <p>f) The SAI has a functioning <u>staff welfare policy</u> (this can be part of the human resources strategy). <i>CBC HRM Guide: pg. 36</i></p> <p>g) Employees have had an <u>opportunity to express their views</u> on the work environment to management within the last year. <i>Derived from CBC HRM Guide: pg. 36-38</i></p> <p>h) Management has <u>acted upon issues</u> arising from views expressed on the work environment. <i>Derived from CBC HRM Guide: pg. 36-38</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least six of the criteria above are in place. Score = 2: At least four of the criteria above are in place. Score = 1: At least two of the criteria above are in place. Score = 0: Less than two of the criteria above are in place.</p>	CBC HRM Guide

SAI-23: Professional Development and Training

According to ISSAI 40, SAIs should strive for service excellence and quality. As a part of its quality management “an SAI should establish policies and procedures designed to provide it with reasonable assurance that it has sufficient resources (personnel) with the competence, capabilities and commitment to ethical principles necessary to:

- i. carry out its work in accordance with relevant standards and applicable legal and regulatory requirements; and
- ii. enable the SAI to issue reports that are appropriate in the circumstances” (ISSAI 40, element 4).

ISSAI 12 states that SAIs should promote continuing professional development that contributes to individual, team and organisational excellence.

This indicator assesses how the SAI as an organization is able to promote and ensure professional development to improve and maintain the competency of its staff.

Dimensions to be assessed:

- (i) Plans and Processes for Professional Development and Training
- (ii) Financial Audit Professional Development and Training
- (iii) Performance Audit Professional Development and Training
- (iv) Compliance Audit Professional Development and Training

(i) Plans and Processes for Professional Development and Training: The SAI should establish and implement professional development and training plans to ensure its staff have the competency and skills to perform their roles and enable the SAI to achieve its objectives. These plans should link to the SAI’s human resources strategy, particularly recruitment and promotion. They should cover: the generic skills required by all staff, such as soft skills, supervision and management; be aligned to development needs; reflect competency requirements for different staff grades; and be monitored and evaluated.

The SAI should identify the audit disciplines relevant to its mandate and audit approach, to develop ‘professions’ or ‘cadres’ of staff who have the appropriate skills to undertake the different types of audits performed by the SAI (financial audit, compliance audit, performance audit, any combination of these, or other types of audit). This may reflect the way in which the SAI combines different types of auditing, or the SAI may develop a single audit profession, with all auditors trained to perform all types of audits.

(ii), (iii), (iv) Professional Development and Training for Financial, Performance and Compliance Audit: The SAI should establish and implement professional development and training plans for each of its professions or cadres, and monitor and evaluate the results. These three dimensions set out criteria for training and development for the three audit disciplines, financial auditing, performance and compliance audit.

SAI-23 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Plans and Processes for Professional Development and Training	
<p>The SAI's professional development practices should have the following features:</p> <p>a) The SAI has developed and implemented a plan for professional development and training which contains: <i>IDI Learning for Impact: A Practice Guide for SAIs: pg. 17-18, SAI PMF Task Team</i></p> <ol style="list-style-type: none"> I. <u>Introduction and familiarization</u> for new staff II. <u>Internal training</u> on the SAI's policies, procedures and processes III. <u>Personal skills training</u> (e.g. communication and writing skills, analytical skills, presentation skills, interviewing skills, ethics, supervision, IT skills) IV. <u>Management</u>. <p>b) The SAI's learning strategy and/or annual plan for professional development and training is:</p> <ol style="list-style-type: none"> I. <u>Aligned</u> with the human resource strategy. <i>IDI Learning for Impact: A Practice Guide for SAIs: pg. 29-42, AFROSAI-E ICBF: pg. 12</i> II. <u>Linked to the goals/objectives</u> stated in the strategic and operational plans of the SAI. <i>IDI Learning for Impact: A Practice Guide for SAIs: pg. 29-42</i> III. Based on results from a <u>learning needs analysis</u>. <i>IDI Learning for Impact: A Practice Guide for SAIs: pg. 43-55, CBC HRM Guide: pg. 30</i> <p>c) The SAI has established <u>procedures for selecting staff</u> to participate in training and obtain professional qualifications. The selection is based on considerations of the <u>competence needed</u>. <i>Derived from ISSAI 40: pg 9-10 and IDI Learning for Impact: A Practice Guide for SAIs: pg.: 43-59</i></p> <p>d) All professional employees (leaders, managers, auditors, control personnel etc.) have a <u>development plan</u> based on an annual appraisal, and the implementation of the plan is monitored. <i>IDI Learning for Impact: A Practice Guide for SAIs: pg. 58-59, 173 and CBC HRM Guide: pg. 29</i></p> <p>e) The SAI has identified the audit '<u>professions</u>' or '<u>cadres</u>' that it wishes to <u>develop</u> in order to discharge its mandate. <i>IDI Learning for Impact: A Practice Guide for SAIs: pg.: 45-50</i></p> <p>f) A system for <u>professional development</u> of non-audit/control staff is developed, with clearly assigned responsibilities. Appropriately tailored competency requirements and a plan for professional development for non-audit/control staff is developed <u>based on identified needs</u>, and implemented. <i>Derived from CBC HRM Guide: pg. 15-19, IDI Learning for Impact: A Practice Guide for SAIs: pg.: 43-59</i></p> <p>g) There are mechanisms in place to <u>monitor and evaluate</u> the result of professional development and training of staff. <i>IDI Learning for Impact: A Practice Guide for SAIs: pg.171-178</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least five of the criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least one of the criteria above are in place. Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 40</p> <p>CBC HRM Guide</p> <p>IDI Learning for Impact: A Practice Guide for SAIs</p> <p>AFROSAI-E ICBF</p>
Dimension (ii) Financial Audit Professional Development and Training	
<p>For professional development and training in financial audit, the SAI should:</p> <p>a) <u>Assign responsibility</u> for professional development to a person or persons with sufficient and appropriate experience and authority in the SAI. <i>SAI PMF Task Team</i></p>	<p>CBC HRM Guide</p> <p>IDI Learning for Impact: A</p>

SAI-23 Dimension & Minimum Criteria for Dimension Score	Key references
<p>b) Develop appropriately tailored <u>competency requirements</u> for different staff grades in financial auditing. <i>Derived from CBC HRM Guide: pg. 15-19 and IDI Learning for Impact: A Practice Guide for SAIs: pg.: 43-59</i></p> <p>c) Develop and implement a <u>plan for professional development</u> for financial audit staff based on an analysis adequately addressing identified needs and competency requirements for different staff grades. <i>IDI Learning for Impact: A Practice Guide for SAIs: pg. 43-55, CBC HRM Guide: pg. 15-18</i></p> <p>d) The plan for professional development and training in financial auditing should <u>cover</u>, as appropriate: (SAI PMF Task Team)</p> <ul style="list-style-type: none"> I. Internal training on the SAI's relevant <u>audit standards and procedures</u> II. <u>Learning on the job</u> and supervision / mentoring schemes III. <u>Professional or academic</u> training / membership of relevant professional or academic bodies IV. <u>Continuing</u> professional development. <p>Score = 4: All of the criteria above are in place. Score = 3: At least three of the criteria above are in place. Score = 2: At least two of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	Practice Guide for SAIs
Dimension (iii) Performance Audit Professional Development and Training	
<p>For professional development and training in performance audit, the SAI should:</p> <p>a) <u>Assign responsibility</u> for professional to a person or persons with sufficient and appropriate experience and authority in the SAI. <i>SAI PMF Task Team</i></p> <p>b) Develop appropriately tailored <u>competency requirements</u> for different staff grades in performance auditing. <i>Derived from CBC HRM Guide: pg. 15-19 and IDI Learning for Impact: A Practice Guide for SAIs: pg.: 43-59</i></p> <p>c) Develop and implement a <u>plan for professional development</u> for performance audit staff based on an analysis adequately addressing identified needs and competency requirements for different staff grades. <i>IDI Learning for Impact: A Practice Guide for SAIs: pg. 43-55, CBC HRM Guide: pg. 15-18</i></p> <p>d) The plan for professional development and training in performance auditing should <u>cover</u>, as appropriate: (SAI PMF Task Team)</p> <ul style="list-style-type: none"> I. Internal training on the SAI's relevant <u>audit standards and procedures</u> II. <u>Learning on the job</u> and supervision/mentoring schemes III. <u>Professional or academic</u> training/membership of relevant professional or academic bodies IV. <u>Continuing</u> professional development. <p>Score = 4: All of the criteria above are in place. Score = 3: At least three of the criteria above are in place. Score = 2: At least two of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	CBC HRM Guide IDI Learning for Impact: A Practice Guide for SAIs
Dimension (iv) Compliance Audit Professional Development and Training	

SAI-23 Dimension & Minimum Criteria for Dimension Score	Key references
<p>For professional development and training in compliance audit, the SAI should:</p> <ul style="list-style-type: none"> a) <u>Assign responsibility</u> for professional development to a person or persons with sufficient and appropriate experience and authority in the SAI. <i>SAI PMF Task Team</i> b) Develop appropriately tailored <u>competency requirements</u> for different staff grades in compliance auditing. <i>Derived from CBC HRM Guide: pg. 15-19 and IDI Learning for Impact: A Practice Guide for SAls: pg.: 43-59</i> c) Develop and implement a <u>plan for professional development</u> for compliance audit staff based on an analysis adequately addressing identified needs and competency requirements for different staff grades. <i>IDI Learning for Impact: A Practice Guide for SAls: pg. 43-55, CBC HRM Guide: pg. 15-18</i> d) The plan for professional development and training in compliance auditing should <u>cover</u>, as appropriate: (<i>SAI PMF Task Team</i>) <ul style="list-style-type: none"> I. Internal training on the SAI's relevant <u>audit standards and procedures</u> II. <u>Learning on the job</u> and supervision / mentoring schemes III. <u>Professional or academic</u> training / membership of relevant professional or academic bodies IV. <u>Continuing</u> professional development. <p>Score = 4: All of the criteria above are in place. Score = 3: At least three of the criteria above are in place. Score = 2: At least two of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	<p>CBC HRM Guide</p> <p>IDI Learning for Impact: A Practice Guide for SAls</p>

Domain F: Communication and Stakeholder Management

ISSAI 12 identifies one of the SAI's main objectives as demonstrating its relevance to stakeholders. SAIs should communicate with stakeholders to ensure understanding of the SAI's audit work and results. This should be done in a manner that increases stakeholders' knowledge and understanding of the role and responsibilities of the SAI as an independent auditor of the public sector (ISSAI 12:6). SAIs must identify their stakeholders, and develop a communication strategy. A key consideration relating to communication and stakeholder management is the style, language and format used to engage stakeholders.

In addition to the above mentioned requirements, the SAI should be authorized by national law or regulations to report to the Legislature and other public bodies, and to publish its most important audit findings. These aspects are measured in Domain A on *Independence and Legal Framework* (SAI-2 (iii)). Similarly, communication with the audited/controlled entity during the audit process is covered in Domain C on *Audit Quality and Reporting*. Domain F considers communication with stakeholders at the strategic level. Internal communication is measured in Domain B on *Organisational Strategy, Planning and Control* (SAI-6 (ii)).

The SAI's external stakeholders include, but may not be limited to (INTOSAI Guideline "Communicating and Promoting the Value and Benefits of SAIs):

- The Legislature: especially the legislative committee responsible for approving the budget, and/or for oversight of government functions and public finances
- The Executive: government organizations including departments of state (including Ministry of Finance)/executive bodies and agencies
- Audited entities
- The Judiciary and/or prosecuting and investigating agencies
- The media
- Citizens/general public
- Special interest groups, including Civil Society Organizations and development partners
- Academics
- Professional and standards setting bodies (e.g. Professional Accountancy Bodies)

Performance Indicators

SAI-24: Communications with the Legislature, Executive and Judiciary

SAI-25: Communications with the Media, Citizens and Civil Society Organizations

SAI-24: Communication with the Legislature, Executive and Judiciary

SAI-24 assesses communication practices the SAI has established with institutional stakeholders. SAIs need to communicate effectively with these stakeholders (*ISSAI 12:6*). Regardless of SAI model, the SAI will through its work come in contact with these institutions to a greater or lesser degree. The SAI should take the initiative to communicate its mandate and activities in a way that does not compromise its independence. Good practice can facilitate communication while helping to minimize any risks. Effective communications will allow these stakeholders to see SAI reports as relevant to their work, and also allow the SAI to be more responsive to emerging risks and changing contexts.

Dimensions to be assessed:

- (i) Communications Strategy
- (ii) Good Practice Regarding Communication with the Legislature
- (iii) Good practice Regarding communication with the Executive
- (iv) Good practice Regarding communication with the Judiciary, and/or Prosecuting and Investigating Agencies

(i) Communications Strategy: In order to communicate the value and benefits SAIs have to society, they should establish a communications strategy aligned with the objectives established in their strategic plan. The purposes of a communications strategy may include obtaining support from decision-makers, media and citizens for the SAI's role, or to clarify its role if there is potential for confusion among other national institutions. This dimension considers external communication only (internal communication is covered in Domain B, indicator SAI-6). The communications strategy need not be contained within one document – elements of it may be included in various documents. However, the strategy should identify stakeholders and audiences whom the SAI seeks to communicate with, in order to achieve its organizational objectives and fulfil its mandate. The strategy should also clearly state the key messages the SAI wants to communicate, and the tools that will be used to do so, such as resources dedicated to communication, and specific analytical tools like stakeholder mapping and analysis. Indicators should monitor progress towards the objectives of the communications strategy, in order to assess performance, and take corrective actions if required. In order to establish, implement and monitor a communications strategy, an SAI needs staff dedicated to this function proportionate to the scale of its activities.

(ii) Good Practice Regarding Communication with the Legislature: The Legislature is one of the most important stakeholders of an SAI, as it also plays a role in holding the Executive to account for the use of public funds. It is important that the Legislature perceives the SAI as a relevant and valuable partner in overseeing the actions and spending decisions of the Executive. In many countries, the Legislature and the SAI are mutually dependent on each other when exercising an oversight function. The Legislature must rely on the SAI to carry out detailed scrutiny of public accounts, and the use of public monies; and the SAI can receive valuable support from the Legislature in holding representatives of the Executive to account. The capacity of the Legislature to engage with and make use of an SAI's outputs is essential to the effectiveness of an SAI. The SAI should develop strategies to respond to any capacity constraints

identified. SAIs with jurisdictional functions normally have a more distant relationship to the Legislature than SAIs with a Parliamentary model, but the Legislature is also a relevant stakeholder for them.

(iii) Good Practice Regarding Communication with the Executive: This dimension looks at the SAI's strategic communication with organisations of the Executive. Such strategic communication may lay the foundations for the SAI's work to be of relevance to the auditees, for appropriate follow-up actions to be taken by the Executive, as well as effective collaboration by auditees in the audit process.

(iv) Good Practice Regarding Communication with the Judiciary, and/or Prosecuting and Investigating Agencies: Communication with the Judiciary and/or prosecuting and investigating agencies, including anti-corruption agencies, is important so that audit findings may be investigated further and taken up by the legal institutions for prosecution, where relevant. Some SAIs have the mandate to impose sanctions directly, others do not. In either case, clearly defined working relations with the Judiciary, and/or prosecuting and investigating agencies should be established and maintained.

SAI-24 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Communications Strategy	
<p>The SAI should:</p> <ul style="list-style-type: none"> a) Establish a <u>strategy</u> for communications and/or stakeholder engagement. <i>INTOSAI Guideline "Communicating and Promoting the Value and Benefits of SAIs": pg. 4-5</i> b) <u>Identify key stakeholders</u> with whom the SAI needs to communicate in order to achieve its organizational objectives. <i>AFROSAI-E Handbook on Communication for SAIs, pg. 34-35</i> c) Identify the <u>key messages</u> the SAI wants to communicate. <i>INTOSAI Guideline "Communicating and Promoting the Value and Benefits of SAIs": pg. 4</i> d) Identify <u>appropriate tools and approaches</u> for external communication. <i>INTOSAI Guideline "Communicating and Promoting the Value and Benefits of SAIs": chapter 3.1. (E.g. roles and responsibilities of dedicated communications staff).</i> e) Align its communications strategy <u>with its strategic plan</u>. <i>AFROSAI-E Handbook on Communication for SAIs, pg. 43</i> f) Periodically <u>monitor</u> implementation of the communications strategy. <i>INTOSAI Guideline "Communicating and Promoting the Value and Benefits of SAIs": chapter 3.1.</i> g) "(...) periodically <u>assess</u> whether stakeholders believe the SAI is communicating effectively." <i>ISSAI 12:6</i> <p>Score = 4: All of the above criteria are in place. Score = 3: Criterion c) and at least four of the other criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least one of the criteria above are in place. Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 12</p> <p>INTOSAI Guideline on Communicating and Promoting the Value and Benefits of SAIs</p> <p>AFROSAI-E Handbook on Communication for SAIs</p>
Dimension (ii) Good Practice Regarding Communication with the Legislature	
<p>Regarding communication with the Legislature, the SAI should:</p> <ul style="list-style-type: none"> a) "(...) <u>report</u> its findings annually (...) to Parliament." <i>ISSAI 1:16</i> b) "(...) analyse their individual audit reports to <u>identify themes, common findings</u>, trends, root causes and audit recommendations, and discuss these with key stakeholders." <i>ISSAI 12:3. (I.e. including the Legislature where appropriate).</i> 	<p>ISSAI 1</p> <p>ISSAI 12</p> <p>ISSAI 20</p>

SAI-24 Dimension & Minimum Criteria for Dimension Score	Key references
<p>c) Establish <u>policies and procedures</u> regarding its communication with the Legislature, including defining who in the SAI is responsible for this communication. <i>AFROSAI-E Handbook on Communication for SAI: pg. 69.</i></p> <p>d) <u>Raise awareness</u> of the Legislature on the SAI's role and mandate. <i>ISSAI 12:6</i></p> <p>e) "(...) develop professional relationships with relevant <u>legislative oversight committees</u> (...) to help them better understand the audit reports and conclusions, and take appropriate action." <i>ISSAI 12:3. See also ISSAI 20:7.</i></p> <p>f) Where appropriate, provide the Legislature with timely <u>access to information</u> related to the work of the SAI. (<i>E.g. in connection with parliamentary hearings on the basis of the SAI's audits</i>) <i>SAI PMF Task Team, ISSAI 12:3</i></p> <p>g) Where appropriate, "(...) provide [the Legislature] (...) with [its] professional knowledge in the form of <u>expert opinions</u>, including comments on draft laws and other financial regulations." <i>ISSAI 1:12</i></p> <p>h) Where appropriate, <u>seek feedback</u> from the Legislature about the quality and relevance of its audit reports. <i>INTOSAI guide on "How to increase the use and impact of audit reports": pg. 21; ISSAI 20:6.</i></p> <p>Score = 4: All the criteria above are in place. Score = 3: Criterion c) and at least five of the other criteria above are in place. Score = 2: At least four of the criteria above are in place. Score = 1: At least two of the criteria above is in place. Score = 0: Less than two of the criteria above are in place.</p>	<p>INTOSAI guide on How to increase the use and impact of audit reports</p> <p>AFROSAI-E Handbook on Communication for SAI</p>
Dimension (iii) Good Practice Regarding Communication with the Executive	
<p>Regarding communication with the Executive, the SAI should:</p> <p>a) "<u>Not be involved</u> or be seen to be involved, in any manner, in the management of the organizations they audit." <i>ISSAI 10:3</i></p> <p>b) Provide <u>generic information to auditees</u> on what to expect during an audit (<i>E.g. produce and disseminate guidance on the SAI's objectives and the principles governing interactions between auditors and auditees</i>). <i>INTOSAI Guide on "How to Increase the Use and Impact of Audit Reports": pg. 11.</i></p> <p>c) Periodically <u>invite senior members of the Executive</u> to meetings to discuss issues of concern to both the SAI and the Executive, including common findings, trends and root causes the SAI has identified through analysis of its audit reports. <i>ISSAI 12:3, SAI PMF Task Team.</i></p> <p>d) <u>Seek feedback</u> from the audited entities about the quality and relevance of audit reports and the audit process. <i>INTOSAI guide on "How to increase the use and impact of audit reports": pg. 21, AFROSAI-E Handbook on Communication for SAI: pg. 69.</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least three of the criteria above are in place. Score = 2: At least two of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 10</p> <p>ISSAI 12</p> <p>INTOSAI guide on How to increase the use and impact of audit reports</p> <p>AFROSAI-E Handbook on Communication for SAI</p>

SAI-24 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (iv) Good Practice Regarding Communication with the Judiciary, and/or Prosecuting and Investigating Agencies	
<p>The SAI should:</p> <ul style="list-style-type: none"> a) Have <u>policies and procedures</u> in place for how to communicate with the Judiciary and/or prosecuting and investigating agencies regarding audit findings that are relevant to those agencies. <i>SAI PMF Task Team (E.g. if audit findings require follow-up by those institutions, or, in the case of SAIs with jurisdictional functions, where judgments fulfil the criteria for being taken forward in the criminal justice system.)</i> b) Carry out <u>awareness raising</u> activities with the Judiciary and/or prosecuting and investigating agencies on the SAI's role, mandate and work. <i>ISSAI 12:6, SAI PMF Task Team.</i> c) <u>Communicate</u> with the Judiciary and/or prosecuting and investigating agencies about <u>the role of the SAI</u> in relation to investigations and legal proceedings that are initiated on the basis of the SAI's audit findings. <i>SAI PMF Task Team (I.e. to reduce the risk that the SAI accidentally impedes such processes through its audit work in cases where audit findings may lead to legal proceedings).</i> d) Have a system in place for <u>follow-up</u> on cases that the SAI has transferred to the Judiciary and/or prosecuting and investigating agencies. <i>ISSAI 12:1</i> e) Where relevant, the SAI should have policies and procedures for audit documentation that are designed to <u>ensure compliance with applicable rules of evidence</u>. <i>ISSAI 40: pg 12, ISSAI 1230: pg. 15. (This is relevant for some SAIs with jurisdictional functions where auditors are subject to laws and regulations requiring them to understand and follow precise documentation procedures related to rules of evidence. ISSAI 1230: pg. 15).</i> <p>Score = 4: All of the criteria above are in place. Score = 3: At least three of the criteria above are in place. Score = 2: At least two of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	<p>ISSAI 12</p> <p>ISSAI 40</p>

SAI-25: Communication with the Media, Citizens and Civil Society Organizations

An SAI must be perceived as a credible source of independent and objective insight and guidance to support beneficial change in the public sector (ISSAI 12:7). This indicator assesses the practices of an SAI in reaching out to society and informing the public about its role, work and results, as well as contributing to enhancing accountability in the public sector.

Dimensions to be assessed:

- (i) Good Practice Regarding Communication with the Media
- (ii) Good Practice Regarding Communication with Citizens and Civil Society Organizations

(i) Good Practice Regarding Communication with the Media: One of the main channels of communication with the public is through the media. It is therefore important that the SAI maintains an effective relationship with media organizations to maximize public exposure of important audit findings. This relationship should be consistent with an SAI's communications strategy and/or legal framework.

Communication with the media must be well managed by an SAI. Responsibility for communication and stakeholder management should be clearly assigned. Those tasked with these roles should have the appropriate skills, experience, and resources to fulfil their duties. Depending on the size of the SAI, this can mean anything from one person dedicated to communications issues to specific departments in charge of communications and stakeholder management. The staff responsible for communication and stakeholder management should have a direct reporting line to the SAI's leadership, in order to ensure access to information at the highest level and facilitate internal communication.

(ii) Good Practice Regarding Communication with Citizens and Civil Society Organizations: Society is becoming more aware of its ability to hold governments to account. An SAI can contribute to this behaviour by reaching out directly to citizens and civil society organizations, and developing relationships with them. All communications should be tailored to their audience, and in this case, language should be clear and accessible. Messages could include pictures/graphics, or be conveyed via radio or other media, and/or in local dialects/languages. In addition to the publication of audit findings, an SAI should also seek to provide citizens with access to information about public sector management more generally, in order to promote transparency. Such information may include issues such as procurement, public debt, natural resources, or general information on budget execution.

SAI-25 Dimension & Minimum Criteria for Dimension Score	Key references
Dimension (i) Good Practice Regarding Communication with the Media	
Regarding communication with the media:	ISSAI 20
a) During the period under review, the SAI held <u>press conferences</u> to launch its annual report and, where relevant, other major reports, including performance audit reports. <i>INTOSAI Guideline "Communicating and Promoting the Value and Benefits of SAIs":2.2</i>	ISSAI 300
b) During the period under review, the SAI issued <u>press releases</u> with major reports, including performance audit reports where relevant. <i>INTOSAI Guideline "Communicating and Promoting the Value and Benefits of SAIs":2.2</i>	INTOSAI Guideline on Communicating

SAI-25 Dimension & Minimum Criteria for Dimension Score	Key references
<p>c) During the period under review, the SAI approached <u>appropriate media</u> to disseminate audit reports, including performance audit reports where relevant. <i>ISSAI 20:8; ISSAI 300:41; INTOSAI Guideline “Communicating and Promoting the Value and Benefits of SAIs”:2.2</i></p> <p>d) The SAI has a system in place to <u>monitor the media’s coverage</u> of the SAI, and topics addressed by the SAI’s audits. <i>INTOSAI Guideline “How to Increase the Use and Impact of Audit Reports”:51.</i></p> <p>e) The SAI has <u>designated one or more individual(s)</u> who are authorized to and tasked with speaking with the media on behalf of the SAI. <i>INTOSAI Guideline “Communicating and Promoting the Value and Benefits of SAIs”:3.1, 3.2.</i></p> <p>f) The SAI has procedures in place for <u>handling requests from the media</u>, and a media contact point. <i>INTOSAI Guideline “Communicating and Promoting the Value and Benefits of SAIs”:3.2.2</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: Criterion c) and at least four of the other criteria above are in place. Score = 2: At least three of the criteria above are in place. Score = 1: At least one of the criteria above is in place. Score = 0: None of the criteria above are in place.</p>	<p>and Promoting the Value and Benefits of SAIs</p> <p>INTOSAI guide on How to increase the use and impact of audit reports</p>
Dimension (ii) Good Practice Regarding Communication with Citizens and Civil Society Organizations	
<p>Regarding communication with citizens and civil society organizations, the SAI has during the period under review:</p> <p>a) “[made] public their <u>mandate</u> (...)”. <i>ISSAI 12:8.</i></p> <p>b) Published <u>summaries of audit reports</u>, written or otherwise communicated so as to make it easy for citizens to understand the main audit findings. <i>ISSAI 20:8; INTOSAI Guideline “Communicating and Promoting the Value and Benefits of SAIs”:2.2</i></p> <p>c) Established <u>contacts with relevant civil society organizations</u> and encouraged them to read audit reports and share the findings with citizens. <i>INTOSAI Guideline “How to Increase the Use and Impact of Audit Reports”: pg. 78.</i></p> <p>d) Stimulated citizens to access <u>information on public sector audit</u> and the SAI, beyond audit reports <i>INTOSAI Guideline “Communicating and Promoting the Value and Benefits of SAIs”:3.1</i></p> <p>e) Provided opportunities for <u>citizens to provide input to</u> and/or participate in the SAI’s work, without compromising the SAI’s independence. <i>(E.g. by having mechanisms in place to receive information about government programmes, and suggestions for improved public administration and services – including online channels where appropriate) INTOSAI Guideline “Communicating and Promoting the Value and Benefits of SAIs”:3.2.4</i></p> <p>f) Made adequate use of <u>online media</u> (institutional website, email newsletters, social media), in accordance with the country’s culture <i>(I.e. where social media is popular, the SAI should develop its online presence in this sphere) INTOSAI Guideline “Communicating and Promoting the Value and Benefits of SAIs”:3.2.3</i></p>	<p>ISSAI 12</p> <p>ISSAI 20</p> <p>INTOSAI Guideline on Communicating and Promoting the Value and Benefits of SAIs</p> <p>INTOSAI guide on How to increase the use and impact of audit reports</p>

SAI-25 Dimension & Minimum Criteria for Dimension Score	Key references
<p>g) "SAIs should <u>contribute to the debate</u> on public sector improvement without compromising their independence." <i>ISSAI 12:7 INTOSAI Guideline "Communicating and Promoting the Value and Benefits of SAIs":3.2.3</i></p> <p>h) <u>Sought feedback</u> from civil society organizations and/or members of the public on the accessibility of its reports, and used this feedback to improve these in the future. <i>INTOSAI Guideline "Communicating and Promoting the Value and Benefits of SAIs":3.2.4; IV.</i></p> <p>Score = 4: All of the criteria above are in place. Score = 3: At least six of the criteria above are in place. Score = 2: At least four of the criteria above are in place. Score = 1: At least two of the criteria above are in place. Score = 0: Less than two of the criteria above are in place.</p>	

Annex 1. Definition of Key Terms

Audit	<p>In general, external public-sector auditing can be described as a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions conform to established criteria. Public-sector auditing is essential in that it provides legislative and oversight bodies, those charged with governance and the general public with information and independent and objective assessments concerning the stewardship and performance of government policies, programmes or operations. (ISSAI 100:18). In general, public-sector audits can be categorised into one or more of three main types: audits of financial statements, audits of compliance with authorities and performance audits. The objectives of any given audit will determine which standards apply. (ISSAI 100:21).</p> <p>SAIs with jurisdictional functions carry out jurisdictional control. In the sections of SAI PMF where audit in a general sense is discussed, it also covers the control activities of SAIs with jurisdictional functions. The indicators in Domain C specifically relate to either financial audit, performance audit, compliance audit or jurisdictional control (see definitions of these terms below).</p>
Audited / controlled entity	Legal entity which is subject to audit/jurisdictional control by the SAI.
Auditors	Persons to whom the task of conducting audits is delegated. (ISSAI 100:25).
Audit criteria	Criteria are the benchmarks used to evaluate the subject matter. Each audit should have criteria suitable to the circumstances of that audit. Criteria can be specific or more general, and may be drawn from various sources, including laws, regulations, standards, sound principles and best practices. (ISSAI 100:27).
Completion of the audit report	When the decision maker(s) in the SAI (e.g. the Head of SAI) has approved the report.
Compliance audit	Focuses on whether a particular subject matter is in compliance with authorities identified as criteria. Compliance auditing is performed by assessing whether activities, financial transactions and information are, in all material respects, in compliance with the authorities which govern the audited entity. These authorities may include rules, laws and regulations, budgetary resolutions, policy, established codes, agreed terms or the general principles governing sound public-sector financial management and the conduct of public officials. (ISSAI 100:22).
Control	Please see description under “audit”.
Culture	A way of thinking, behaving, or working that exists in a place or organization (such as a business).
Dimension (in SAI PMF)	Components of an indicator. There are up to four dimensions in each indicator. Most dimensions contain a number of criteria. Each dimension is scored

	individually before the dimension scores are aggregated to an overall indicator score.
Economy, efficiency, effectiveness	The principle of <i>economy</i> means minimising the costs of resources. The resources used should be available in due time, in and of appropriate quantity and quality and at the best price. The principle of <i>efficiency</i> means getting the most from the available resources. It is concerned with the relationship between resources employed and outputs delivered in terms of quantity, quality and timing. The principle of <i>effectiveness</i> concerns meeting the objectives set and achieving the intended results (ISSAI 300:11).
Financial audit	Focuses on determining whether an entity's financial information is presented in accordance with an applicable financial reporting and regulatory framework. This is accomplished by obtaining sufficient and appropriate audit evidence to enable the auditor to express an opinion on whether the financial information is free from material misstatement whether due to fraud or error. (ISSAI 100:22).
Financial statement	A structured representation of historical financial information, including related notes, intended to communicate an entity's economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The term —financial statements ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial reporting framework, but it can also refer to a single financial statement. (ISSAI 1003).
Follow-up	SAIs have a role in monitoring action taken by the responsible party in response to the matters raised in an audit report. Follow-up focuses on examining whether the audited entity has adequately addressed the matters raised, including any wider implications. Insufficient or unsatisfactory action by the audited entity may call for a further report by the SAI. (ISSAI 100:51).
Head of SAI	The term “Head of SAI” refers to those who are responsible for the SAI's decision-making. Who this is in practice depends on the model of the SAI. For many institutions, such as SAIs with jurisdictional functions, decisions are made collectively by a number of members. In this context, “members are defined as those persons who have to make the decisions for the Supreme Audit Institution and are answerable for these decisions to third parties, that is, the members of a decision-making collegiate body or the head of a monocratically organised Supreme Audit Institution.” (ISSAI 1:6).
Indicator (in SAI PMF)	SAI PMF consists of 25 indicators, each consisting of between two and four dimensions. The scores of the individual dimensions are aggregated to an overall indicator score.
IntoSAINT	Self-Assessment INTEgrity: A tool to assess the vulnerability and resilience to integrity violations of Supreme Audit Institutions, developed by the Netherlands Court of Audit.
Jurisdictional control (for SAIs with jurisdictional functions)	The purpose of jurisdictional control is to make rulings in the form of specific decisions: orders, rulings or ordinances, particularly on the personal and financial liability of public accountants. In some cases, the purpose of jurisdictional control is to rule on the specific liability of public administrators via collegial decisions and, potentially, to penalise them for any irregularity. The exercise of jurisdictional control implies compliance with applicable standards

	<p>as well as the implementation of a contradictory and mainly written procedure laid down in law and in regulations. Jurisdictional control allows the SAI to check if the public manager, under a specific liability regime set by the law and regulations, fulfilled the assigned duties bestowed by the law and regulations. If they do not fulfil their duties, public managers are held responsible. It is strictly limited to the compliance with the said duties.</p> <p>There are no ISSAIs specifically designed for jurisdictional control. Therefore the criteria embedded in the relevant indicators in SAI PMF are derived from good practices identified by a reference group of jurisdictional SAIs.</p>
Mandate	<p>The authority given to the SAI to perform actions. An SAI will exercise its public-sector audit function within a specific constitutional arrangement and by virtue of its office and mandate, which ensure sufficient independence and power of discretion in performing its duties. The mandate of an SAI may define its general responsibilities in the field of public-sector auditing and provide further prescriptions concerning the audits and other engagements to be performed. (ISSAI 100:13).</p> <p>For SAIs with jurisdictional functions, please see “mission”.</p>
Management Letter	Also referred to as a long form audit report. Identifies issues not necessarily required to be disclosed in the Audit Opinion, and provides the auditor’s findings, observations and recommendations noted during the audit.
Materiality	Materiality is relevant in all audits. A matter can be judged material if knowledge of it would be likely to influence the decisions of the intended users. Materiality is often considered in terms of value, but it also has other quantitative as well as qualitative aspects. Materiality considerations affect decisions concerning the nature, timing and extent of audit procedures and the evaluation of audit results. Considerations may include stakeholder concerns, public interest, regulatory requirements and consequences for society. (ISSAI 100:41).
Mission (for SAIs with jurisdictional functions)	For SAI with jurisdictional functions, the term <i>mission</i> is more relevant than <i>mandate</i> . A jurisdictional SAI does not receive a mandate; it fulfils missions bestowed upon it by its founding text.
Performance audit	Focuses on whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. This is accomplished by examining performance against suitable criteria and by analysing causes of deviations from criteria or problems. The aim is to answer key audit questions and to provide recommendations for improvement. (ISSAI 100:22).
Quality control	Describes the sum of the measures taken to ensure high quality of each audit product. It is carried out as an integrated part of the audit process. For a system of quality control to be effective, it needs to be part of the SAI’s strategy, culture, policies and procedures, as outlined in its guidance. In this way, quality is built into the performance of the work of each SAI and the production of the SAI’s reports, rather than being an additional process once a report is produced. (ISSAI 40: pg 2).

Quality assurance	A monitoring process designed to provide the SAI with reasonable assurance that the policies and procedures relating to the system of quality control are relevant and adequate and are operating effectively. The monitoring process should include periodic evaluation of the SAI's system of quality control, including a sample of completed work across the range of work carried out by the SAI. The responsibility for the monitoring process should be assigned to an individual with sufficient and appropriate experience and authority in the SAI and who is independent, i.e. has not taken part in the work or any quality control of the work. (ISSAI 40: pg 13).
Reasonable assurance	Assurance can be either reasonable or limited. Reasonable assurance is high but not absolute. The audit conclusion is expressed positively, conveying that, in the auditor's opinion, the subject matter is or is not compliant in all material respects, or, where relevant, that the subject matter information provides a true and fair view, in accordance with the applicable criteria. (ISSAI 100:33).
Risk assessment	Auditors should conduct a risk assessment or problem analysis and revise this as necessary in response to the audit findings. The nature of the risks identified will vary according to the audit objective. The auditor should consider and assess the risk of different types of deficiencies, deviations or misstatements that may occur in relation to the subject matter. Both general and specific risks should be considered. This can be achieved through procedures that serve to obtain an understanding of the entity or programme and its environment, including the relevant internal controls. The identification of risks and their impact on the audit should be considered throughout the audit process. (ISSAI 100:46).
SAIs with jurisdictional functions	In certain countries, the SAI is a court, composed of judges, with authority over state accountants and other public officials who must render accounts to it. There exists an important relationship between this jurisdictional authority and the characteristics of public-sector auditing. The jurisdictional function requires the SAI to ensure that whoever is charged with dealing with public funds is held accountable and, in this regard, is subject to its jurisdiction. (ISSAI 100:15).
Submission of the audit report	Giving/sending the final audit report to the authority that will be responsible for considering the report and taking appropriate action.
Sufficient, appropriate audit evidence	Evidence should be both sufficient (quantity) to persuade a knowledgeable person that the findings are reasonable, and appropriate (quality) – i.e. relevant, valid and reliable. (ISSAI 100:49).
System	An established procedure that ensures that practices are consistent throughout the organisation and over time.

Annex 2. List of References

International Standards of Supreme Audit Institutions (ISSAIs)

Key References

Reference	Title of document	Published by	Year published
ISSAI 1	The Lima Declaration	INTOSAI	1977
ISSAI 10	Mexico Declaration on SAI Independence	INTOSAI	2007
ISSAI 12	Value and Benefits of SAIs - making a difference to the life of citizens	INTOSAI	2013
ISSAI 20	Principles of Transparency and Accountability	INTOSAI	2010
ISSAI 30	Code of Ethics (2016 Endorsement Version)	INTOSAI PSC	2016
ISSAI 40	Quality Control for SAIs	INTOSAI	2010
ISSAI 100	Fundamental Principles of Public-Sector Auditing	INTOSAI	2013
ISSAI 200	Fundamental Principles of Financial Auditing	INTOSAI	2013
ISSAI 300	Fundamental Principles of Performance Auditing	INTOSAI	2013
ISSAI 400	Fundamental Principles of Compliance Auditing	INTOSAI	2013

Additional References

ISSAI 1210	Agreeing the Terms of Audit Engagements	INTOSAI	2010
ISSAI 1800	Special Considerations - Audits of Special Purpose Financial Statements	INTOSAI	2007
ISSAI 1805	Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement	INTOSAI	2007
ISSAI 1810	Engagements to Report on Summary Financial Statements	INTOSAI	2007
ISSAI 3000	Performance Audit Standard (2016 Endorsement Version)	INTOSAI PSC	2016
ISSAI 5600	Peer Review Guide	INTOSAI	2016
INTOSAI GOV 9100	Guidelines for Internal Control Standards for the Public Sector	INTOSAI	2004

Other Sources

Title of document	Published by	Year published
Building Capacity in Supreme Audit Institutions. A Guide.	INTOSAI Capacity Building Committee	2007

Communication. A Handbook on Communications for Supreme Audit Institutions	Swedish National Audit Office/AFROSAI-E	2010
Good Practices in Supporting Supreme Audit Institutions.	OECD	2011
Government Financial Statistics Manual	International Monetary Fund (IMF)	2001
Guideline on Communicating and promoting the Value and Benefits of SAIs	INTOSAI Working Group on the Value and Benefits of SAIs	2013
How to Increase the Use and Impact of Audit Reports. A Guide for Supreme Audit Institutions	INTOSAI Capacity Building Committee	2010
Human Resource Management. A Guide for Supreme Audit Institutions	INTOSAI Capacity Building Committee	2012
Institutional Capacity Building Framework (ICBF)	AFROSAI-E	2009
International Standard on Quality Control (ISQC1)	International Auditing and Assurance Standards Board	2009
IntoSAINT	Netherlands Court of Audit	2014
Learning for Impact. A Practice Guide for SAIs	INTOSAI Development Initiative (IDI)	2009
Public Expenditure and Financial Accountability Framework (PEFA)	PEFA Partners	2016
Strategic Planning. A Handbook for Supreme Audit Institutions	INTOSAI Development Initiative (IDI)	2009
The Common Assessment Framework (CAF)	The European Network of National CAF Correspondents and the European CAF Resource Centre at EIPA	2013
Using Country Public Financial Management Systems. A Practitioner's Guide.	OECD	2011

Annex 3: Mapping the SAI PMF to ISSAI 12 (the Value and Benefits of SAIs)

The following table maps the principles in ISSAI 12 ‘The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens’ to indicators and dimensions in SAI PMF.

Strengthening the Accountability, Transparency and Integrity of Government and Public Sector Entities

ISSAI 12 Principle	SAI PMF Domain, Indicator, Dimension
Principle 1: Safeguarding the Independence of SAIs.	
1.1. SAIs should strive to promote, secure and maintain an appropriate and effective constitutional, statutory or legal framework.	Domain A, SAI-1 (i) Domain B, SAI-3 (i)
1.2. SAIs should seek to safeguard the independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity, in accordance with applicable legislation, which results from the normal discharge of their duties.	Domain A, SAI-1 (i) Domain A, SAI-1 (iv)
1.3. SAIs should make use of their mandates and discretion in discharging their functions and responsibilities to improve the stewardship of public funds.	Domain A, SAI-2 (i)
1.4. SAIs should have unrestricted rights of access to all necessary information, for the proper discharge of their statutory responsibilities.	Domain A, SAI-2 (ii)
1.5. SAIs should use their rights and obligations to report independently on their work.	Domain A, SAI-2 (iii)
1.6. SAIs should have the freedom to decide on the content and timing of their reports.	Domain A, SAI-2 (iii)
1.7. SAIs should have appropriate mechanisms for following up audit findings and recommendations.	Domain C, SAI-11 (iii), SAI-14 (iii), SAI-17 (iii), SAI-20 (iii)
1.8. SAIs should seek to maintain financial and managerial or administrative autonomy and appropriate human, material and financial resources.	Domain A, SAI-1 (ii), (iii)
1.9. SAIs should report on any matters that may affect their ability to perform their work in accordance with their mandates and/or the legislative framework.	Domain A, SAI-2 (i), (iii) Domain B, SAI-3 (iv)
Principle 2: Carrying out audits to ensure that government and public sector entities are held accountable for their stewardship over, and use of, public resources.	
2.1a SAIs should, in accordance with their mandates and applicable professional standards, conduct audits of financial and, where relevant, non-financial information.	Domain C, SAI-8 (i) Domain C, SAI-9 to SAI-11 Domain C, SAI-15 to SAI-17
2.1b SAIs should, in accordance with their mandates and applicable professional standards, conduct performance audits.	Domain C, SAI-8 (ii) Domain C, SAI-12 to SAI-14
	Domain C, SAI-8 (iii)

ISSAI 12 Principle	SAI PMF Domain, Indicator, Dimension
2.1c SAIs should, in accordance with their mandates and applicable professional standards, conduct audits of compliance with the applicable authority.	Domain C, SAI-15 to SAI-17
2.2. SAIs may also, in accordance with their mandates, perform other types of work, for example judicial review or investigation into the use of public resources or matters where the public interest is at stake.	Domain C, SAI-18 to SAI-20 Domain C, SAI-20 (i), (ii), (iii)
2.3 SAIs should respond appropriately, in accordance with their mandates, to the risks of financial impropriety, fraud and corruption.	Domain C, SAI-10 (i), (ii) Domain C, SAI-13 (i) Domain C, SAI-16: (i), (ii)
2.4. SAIs should submit audit reports, in accordance with their mandates, to the legislature or any other responsible public body, as appropriate.	Domain A, SAI-2 (iii) Domain C, SAI-11 (i) Domain C, SAI-14 (i) Domain C, SAI-17 (i)
Principle 3: Enabling those charged with public sector governance to discharge their responsibilities in responding to audit findings and recommendations and taking appropriate corrective action.	
3.1. SAIs should ensure good communication with auditees and other related stakeholders, as appropriate, and keep them well informed during the audit process of the matters arising from the SAI's work.	Domain C, SAI-10 (i), (ii) Domain C, SAI-11 Domain C, SAI-13 to SAI-14 Domain C, SAI-16 (i), (iii) Domain C, SAI-17 Domain C, SAI-19 (ii), (iii) Domain F, SAI-24 to SAI-25
3.2. SAIs should, in accordance with their mandate, provide the legislature, its committees, or audited entities' management and governing boards with relevant, objective and timely information.	Domain C, SAI-11 Domain C, SAI-14 Domain C, SAI-17 Domain F, SAI-24 (ii), (iii)
3.3. SAIs should analyse their individual audit reports to identify themes, common findings, trends, root causes and audit recommendations, and discuss these with key stakeholders.	Domain F, SAI-24 (ii), (iii)
3.4. SAIs should, without compromising their independence, provide advice on how their audit findings and opinions might be used to the greatest effect, for example through the provision of good practice guidance.	Domain F, SAI-24 (ii)
3.5. SAIs should develop professional relationships with relevant legislative oversight committees and audited entities' management and governing boards to help them better understand the audit reports and conclusions and take appropriate action.	Domain F, SAI-24 (i), (ii), (iii)
3.6. SAIs should report, as appropriate, on the follow-up measures taken with respect to their recommendations.	Domain C, SAI-11 (iii) Domain C, SAI-14 (iii) Domain C, SAI-17 (iii)

ISSAI 12 Principle	SAI PMF Domain, Indicator, Dimension
	Domain C, SAI-20 (iii)
Principle 4: Reporting on audit results and thereby enabling the public to hold government and public sector entities accountable.	
4.1. SAIs should report objective information in a simple and clear manner, using language that is understood by all their stakeholders.	Domain C, SAI-10 (iii) Domain C, SAI-13 (iii) Domain C, SAI-16 (iii) Domain C, SAI-19 (iv) Domain F, SAI-25
4.2. SAIs should make their reports publicly available in a timely manner.	Domain B, SAI-3 (iv) Domain C, SAI-11 (ii) Domain C, SAI-14 (ii) Domain C, SAI-17 (ii) Domain C, SAI-20 (ii) Domain F, SAI-25
4.3. SAIs should facilitate access to their reports by all stakeholders using appropriate communication tools.	Domain F, SAI-25 (i), (ii)

Demonstrating Ongoing Relevance to Citizens, Parliaments and Other Stakeholders

ISSAI 12 Principle	SAI PMF Domain, Indicator, Dimension
Principle 5: Being responsive to changing environments and emerging risks.	
5.1. SAIs should be aware of the expectations of stakeholders and respond to these, as appropriate, in a timely manner and without compromising their independence.	Domain B, SAI-3 (i), (iii), (iv) Domain B, SAI-7 (i) Domain F, SAI-24 (ii), (iii)
5.2. SAIs should, in developing their work programme, respond as appropriate to the key issues affecting society.	Domain B, SAI-3 (i) Domain B, SAI-7 (i)
5.3. SAIs should evaluate changing and emerging risks in the audit environment and respond to these in a timely manner, for example by promoting mechanisms to address financial impropriety, fraud and corruption.	Domain B, SAI-7 (i) Domain C, SAI-10 (i), (ii) Domain C, SAI-13 (i), (ii) Domain C, SAI-16 (i) Domain C, SAI-24 (ii), (iii)
5.4. SAIs should ensure that stakeholders' expectations and emerging risks are factored into strategic, business and audit plans, as appropriate.	Domain B, SAI-3 (i), (iii) Domain B, SAI-7 (i)

ISSAI 12 Principle	SAI PMF Domain, Indicator, Dimension
5.5. SAIs should keep abreast of relevant matters being debated in domestic and international forums and participate where appropriate.	Domain F, SAI-25 (ii)
5.6. SAIs should establish mechanisms for information gathering, decision making and performance measurement to enhance relevance to stakeholders	Domain B, SAI-3 Domain B, SAI-7 (i) Domain F, SAI-24 (ii), (iii) Domain F, SAI-25 (ii)
Principle 6: Communicating effectively with stakeholders.	
6.1. SAIs should communicate in a manner that increases stakeholders' knowledge and understanding of the role and responsibilities of the SAI as an independent auditor of the public sector.	Domain F, SAI-24 (i), (ii), (iii), (iv) Domain F, SAI-25 (ii)
6.2. SAIs' communication should contribute to stakeholders' awareness of the need for transparency and accountability in the public sector.	Domain F, SAI-25 (ii)
6.3. SAIs should communicate with stakeholders to ensure understanding of the SAI's audit work and results.	Domain C, SAI-11 (i), (ii) Domain C, SAI-13 (i), (ii) Domain C, SAI-16 (i), (iii) Domain C, SAI-19 (ii) Domain F, SAI-24 Domain F, SAI-25
6.4. SAIs should interact appropriately with the media in order to facilitate communication with the citizens.	Domain F, SAI-25 (ii)
6.5. SAIs should engage with stakeholders, recognising their different roles, and consider their views, without compromising the SAI's independence.	Domain B, SAI-3 (i), (iii) Domain B, SAI-7 (i) Domain F, SAI-24 Domain F, SAI-25 (ii)
6.6. SAIs should periodically assess whether stakeholders believe the SAI is communicating effectively.	Domain F, SAI-24 (i), (ii), (iii) Domain F, SAI-25 (i), (ii)
Principle 7: Being a credible source of independent and objective insight and guidance to support beneficial change in the public sector.	
7.1. SAIs' work should be based on independent professional judgement and sound and robust analysis.	Domain C, SAI-9 to SAI-20
7.2. SAIs should contribute to the debate on improvements in the public sector without compromising their independence	Domain F, SAI-25 (ii)
7.3. SAIs should, as active partners in the national and international public sector auditing profession, use their knowledge and insights to advocate public sector reforms, for example in the area of public financial management.	Domain F, SAI-25 (ii)
7.4. SAIs should periodically assess whether stakeholders believe that they are effective and contribute to improvements in the public sector.	Domain F, SAI-24 (ii), (iii) Domain F, SAI-26 (i), (ii)

ISSAI 12 Principle	SAI PMF Domain, Indicator, Dimension
7.5. SAIs should collaborate internationally within INTOSAI and with other relevant professional organisations in order to promote the role of the SAI community in addressing global issues related to public sector auditing, accounting and accountability.	Domain B, SAI-4 (iv)

Being Model Organisations through Leading by Example

Principle	Domain, Indicator, Dimension
Principle 8: Ensuring appropriate transparency and accountability of SAIs.	
8.1. SAIs should perform their duties in a manner that provides for accountability, transparency and good public governance.	Domain A, SAI-1 (iii) Domain B, SAI-3 and SAI-4 Domain B, SAI-7 (i) Domain C Domain D Domain F
8.2. SAIs should make public their mandate, responsibilities, mission and strategy.	Domain A, SAI-3 (iii)
8.3. SAIs should use, as appropriate for their circumstances, auditing standards, processes and methods that are objective and transparent, and make known to stakeholders what standards and methods are used.	Domain B, SAI-3 (iv) Domain C, SAI-9 (i) Domain C, SAI-10 (iii) Domain C, SAI-12 (i) Domain C, SAI-13 (iii) Domain C, SAI-15 (i) Domain C, SAI-16 (iii) Domain C, SAI-18 (i) Domain C, SAI-19 (iv)
8.4. SAIs should manage their operations economically, efficiently, effectively and in accordance with applicable laws and regulations, and report publicly on these matters.	Domain B, SAI-3 (iv) Domain B, SAI-4 Domain D, SAI-21
8.5. SAIs should be subject to independent external scrutiny, including external audit of their operations, and make available these reports to stakeholders.	Domain B, SAI-3 (iv) Domain B, SAI-4 (iv) Domain B, SAI-7 (iii) Domain D, SAI-21 (i)
Principle 9: Ensuring good governance of SAIs.	
9.1. SAIs should adopt and comply with good governance principles and report appropriately thereon.	Domain B, SAI-3 (iv)

Principle	Domain, Indicator, Dimension
	Domain B, SAI-4
	Domain B, SAI-21 (i), (ii)
9.2. SAIs should periodically submit their performance to independent review, for example peer review.	Domain B, SAI-4 (iv)
9.3. SAIs should have an appropriate organisational management and support structure that will give effect to good governance processes and support sound internal control and management practices.	Domain B, SAI-4 (i),(ii), (iii)
	Domain B, SAI-6
	Domain D, SAI-22
	Domain E, SAI-22, SAI-23 (i)
9.4. SAIs should assess organisational risk on a regular basis and supplement this with appropriately implemented and regularly monitored risk management initiatives, for example through an appropriately objective internal audit function.	Domain B, SAI-4 (i), (ii), (iii),(iv)
	Domain B, SAI-3 (ii)
	Domain B, SAI-7 (i),(ii)
Principle 10: Complying with the SAI's Code of Ethics.	
10.1. SAIs should apply a Code of Ethics that is consistent with their mandate and appropriate for their circumstances, for example the INTOSAI Code of Ethics.	Domain B, SAI-4 (i)
10.2. SAIs should apply high standards of integrity and ethics as expressed in a code of conduct.	Domain B, SAI-4 (i)
	Domain C, SAI-10 (i), SAI-13 (i), SAI-16 (i), SAI-19 (i)
10.3. SAIs should institute appropriate policies and processes to ensure awareness of and adherence to the requirements of the code of conduct within the SAI.	Domain B, SAI-4 (i),(ii),(iii),(iv)
	Domain B, SAI-6 (i)
10.4. SAIs should publish their core values and commitment to professional ethics.	Domain B, SAI-3 (iii), SAI-4 (i)
10.5. SAIs should apply their core values and commitment to professional ethics in all aspects of their work, in order to serve as an example.	Domain B, SAI-4 (i),(ii),(iii),(iv)
	Domain B, SAI-6 (i)
Principle 11: Striving for service excellence and quality.	
11.1. SAIs should set policies and procedures designed to promote an internal culture that recognises that quality is essential in performing all aspects of the SAI's work.	Domain B, SAI-4
	Domain B, SAI-5 (ii),(iii)
	Domain B, SAI-6 (i)
11.2. SAIs' policies and procedures should require all staff and all parties working on behalf of the SAI to comply with the relevant ethical requirements.	Domain B, SAI-4 (i)
	Domain B, SAI-5 (i)
	Domain C, SAI-10 (i)
	Domain C, SAI-13 (i)
	Domain C, SAI-16 (i)
	Domain C, SAI-19 (i)
11.3. SAIs' policies and procedures should stipulate that the SAI will only undertake work that it is competent to perform.	Domain C, SAI-9 (ii), SAI-12 (ii), SAI-15 (ii), SAI-18 (ii)
	SAI-PR, sections c), 3.3

Principle	Domain, Indicator, Dimension
11.4. SAls should have sufficient and appropriate resources to perform their work in accordance with relevant standards and other requirements, including having timely access to external and independent advice where necessary.	Domain E, SAI-23
	Domain C, SAI-9 (ii)
	Domain C, SAI-13 (ii)
	Domain C, SAI-15 (ii)
	Domain C, SAI-18 (ii)
11.5. SAls' policies and procedures should promote consistency in the quality of their work and should set out responsibilities for supervision and review.	Domain B, SAI-4 (iii), SAI-5
	Domain C, SAI-9 (i), (iii)
	Domain C, SAI-12 (i), (iii)
	Domain C, SAI-15 (i), (iii)
	Domain C, SAI-18 (i), (iii)
11.6. SAls should establish a monitoring process that ensures that the SAI's system of quality control is relevant, adequate and operating effectively.	Domain B, SAI-4 (iv)
	Domain B, SAI-5 (iii)
Principle 12: Capacity building through promoting learning and knowledge sharing.	
12.1. SAls should promote continuing professional development that contributes to individual, team and organisational excellence.	Domain E, SAI-23
12.2. SAls should have a professional development strategy, including training, that is based on the minimum levels of qualifications, experience and competence required to carry out the SAI's work.	Domain E, SAI-23
12.3. SAls should strive to ensure that their staff have the professional competencies and the support of colleagues and management to do their work.	Domain E, SAI-23
12.4. SAls should encourage knowledge sharing and capacity building in support of the delivery of outputs.	SAI-PR section (c)
12.5. SAls should draw on the work of others, including peer SAls, INTOSAI and relevant regional working groups.	SAI-PR section (c)
12.6. SAls should strive to co-operate with the auditing profession in order to enhance the profession.	Domain F, SAI-25 (ii)
12.7. SAls should strive to participate in INTOSAI activities and build networks with other SAls and relevant institutions, to keep abreast of emerging issues and promote knowledge sharing to benefit other SAls.	SAI-PR section (c)

