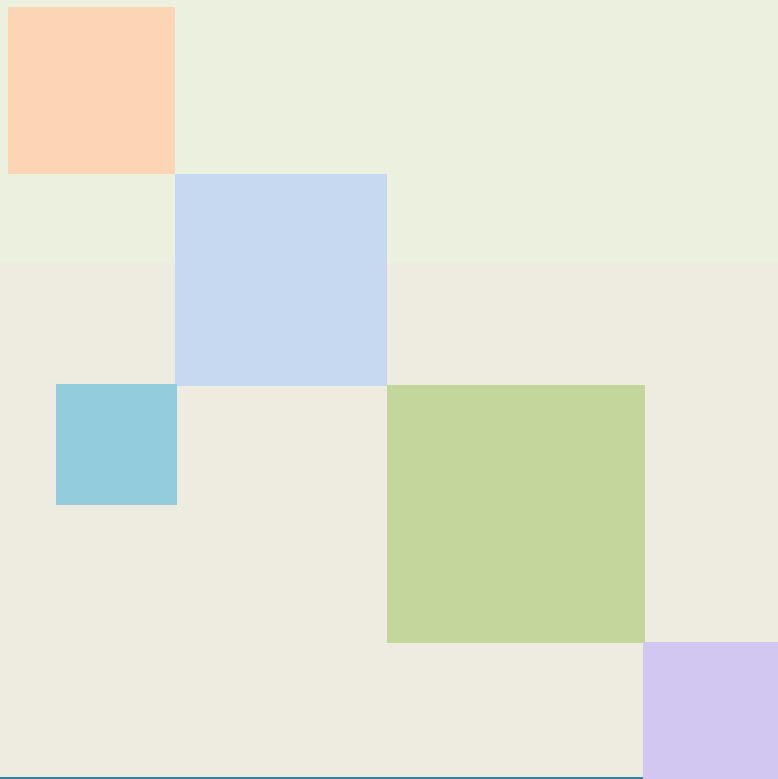




# iCAT Performance Audit

An ISSAI Implementation Needs Assessment Tool

Version 1, October 2021



INTOSAI Development Initiative (IDI)

[www.idi.no](http://www.idi.no)

# iCAT Performance Audit

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## List of abbreviations

ARABOSAI:	Arab Organization of Supreme Audit Institutions
CREFIAF:	Le Conseil Régional de Formation des Institutions Supérieures de Contrôle des Finances Publiques d'Afrique Francophone Subsaharienne
iCAT:	ISSAI Compliance Assessment Tool
IDI:	INTOSAI Development Initiative
IINA:	ISSAI Implementation Needs Assessment
INTOSAI:	International Organisation of Supreme Audit Institutions
ISSAI:	International Standards of Supreme Audit Institutions
OLACEFS:	Organization of Latin American and Caribbean Supreme Audit Institutions
PA:	Performance Audit
PAS:	Performance Audit Subcommittee
SAI:	Supreme Audit Institution

# Quality Statement for iCAT Performance Audit - An ISSAI Implementation Needs Assessment Tool, Version 1 (27 October 2021)

INTOSAI Goal Chairs and IDI's joint paper on 'Quality assuring INTOSAI public goods that are developed and published outside due process' identifies three levels of quality assurance, as follows:

## **QUALITY ASSURING INTOSAI PUBLIC GOODS THAT ARE DEVELOPED AND PUBLISHED OUTSIDE DUE PROCESS – Levels of Quality Assurance**

**Level 1:** Products that have been subjected to quality assurance processes equivalent to INTOSAI due process, including an extended period of transparent public exposure (90 days)

**Level 2:** Products that have been subjected to more limited quality assurance processes involving stakeholders from outside the body or working group responsible for the products' initial development. Quality assurance processes might, for example, include piloting, testing and inviting comments from key stakeholders, although not go as far as full 90-day public exposure

**Level 3:** Products that have been subjected to rigorous quality control measures within the body or working group responsible for their development

Different levels of Quality Assurance may be appropriate for different GPGs. This GPG has been developed according to quality assurance level 1

### **Quality Assurance Protocol: Version 2.0**

IDI's Protocol for Quality Assurance (QA) of IDI's Global Public Goods defines measures to ensure quality based on the three levels of quality assurance above. For quality assurance level 1, these measures include: approval by the IDI Board to create the GPG; formation of a competent product development team; peer review by experts external to the development team; modification based on review; proofreading, editing and translation of the document by competent persons; public exposure for a period of 90 days/consultation with relevant stakeholders representing views from most regions, most models of auditing, developed and developing countries, and from the perspective of global bodies; modifications of the document based on comments received during public exposure; and due approvals for the GPG version 1.

### **Updates to this GPG**

To ensure that this GPG stays relevant, IDI will undertake major revision of this iCAT Performance Audit whenever there are changes in performance audit ISSAIs. Major revisions will follow IDI's Protocol for Quality Assurance. In addition, light touch reviews may be undertaken as per need. Such light touch reviews will not normally be subject to this Protocol.

This GPG is owned by IDI's Professional SAIs work stream, which is responsible for maintenance of this GPG.

### **Quality Assurance Review Process**

Shourjo Chatterjee (Strategic Support Unit, IDI) has undertaken a QA review of the process followed for the development of this GPG, against QA Protocol Version 2.0. The QA reviewer is familiar with IDI's protocol for QA of GPGs and was not involved in development of the GPG. This QA review process is designed to provide all stakeholders with assurance that the IDI has carried out the quality control measures stated above, designed to meet quality assurance level 1.

**Results of the Quality Assurance Review**

The QA review of the process followed in developing this GPG concluded that the Protocol has been followed as required for quality assurance level 1 in all respects.

**Conclusion**

Based on the QA review, IDI assures the users of this Global Public Good (GPG) that this document has been subjected to a quality assurance process equivalent to Due Process for INTOSAI Framework of Professional Pronouncements (IFPP), including an extended period of transparent public exposure.



Einar Gørrissen  
Director General  
INTOSAI Development Initiative  
27 October 2021

# 1. About the Performance Audit iCAT

## Background

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The IDI first developed the Performance Audit ISSAI Compliance Assessment Tool (iCAT) in 2012, under the ISSAI Implementation Initiative (3i Programme).

In 2016, INTOSAI approved the new Performance Audit ISSAI 3000. As the authoritative standard for performance audit, the new ISSAI 3000 contains major changes from earlier ones.

Subsequently, in its support for implementing the PA ISSAI in Supreme Audit Institutions, the IDI initiated the revision of the PA iCAT, considering the changes on the standards and the lessons learned from the application of the first version of the tool.

One lesson learned was the importance of having the iCAT as a part of SAI needs assessment regarding ISSAI implementation, instead of a standalone tool. Another lesson learned is to position the iCAT as a tool to identify audit practices already in place and room for improvement, instead of using it to conclude on number of requirements implemented, not implemented or partially implemented.

This document is the result of that process, as it reflects the changes in ISSAI 3000 and incorporates improvements based on the lessons learned.

This performance audit iCAT tool includes the ISSAI 3000 requirements which covers the performance audit process.

## What is the purpose of PA iCAT?

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The iCAT is a tool developed to ascertain ISSAI implementation needs of an SAI. The process starts with mapping SAI's current audit practices and expectations of the stakeholders to understand the nature of audit work done by the SAI. The second stage of the process is to apply the appropriate iCAT tool to the audit practice to ascertain SAI's ISSAI implementation needs.

The PA iCAT is a tool for the second stage of ascertaining ISSAI implementation needs. We recommend carrying out the mapping exercise before using the PA iCAT. This will help the SAI ensure that the PA iCAT is applied to a PA audit practice. The tool gleans requirements for implementation of PA ISSAIs and provides guidance on how to check SAI's PA audit practice against the PA ISSAI requirements. It provides the SAI with a holistic picture of the current status of PA ISSAI implementation and helps the SAI in determining future needs for moving towards a fully compliant PA practice.

## How was this version of iCAT tool developed?

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The first version of the PA iCAT was developed in 2014 by a team of resource persons from different SAIs. This version is an update and incorporates the relevant explanations and guidance from the earlier iCAT guidance. We sincerely thank our resource persons who provided insight and technical expertise in developing the conceptual framework of this tool.

As an IDI Global Public Good, this product has been developed as per the requirements of Protocol for Quality Assurance of IDI's GPGs V2.0<sup>1</sup>. Section 6 of the protocol – Conversion of

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<sup>1</sup> <http://www.idi.no/en/idi-library/global-public-goods>

existing products into a Global Public Good determines the due process for ensuring the quality of this version of the iCAT. Level 1 of Quality Assurance was applied.

Version 0 of PA iCAT was developed by IDI's Senior Manager for Performance Audit together with experts from SAI Brazil. Experts from PAS Secretariat (SAI Norway), SAI Indonesia and SAI Qatar have provided comments on the draft V0. After the performance audit experts review, version 0 was finalised and placed on the IDI website for public exposure for 90 days.

During the exposure, the IDI informed the relevant stakeholders about the availability of Version 0 on the IDI website and requested their feedback and comments. The stakeholders involved in the process include the SAIs, ISSAI facilitators, and auditors engaged in IDI's ISSAI Implementation Initiative. Other stakeholders who were consulted are the INTOSAI General Secretariat, INTOSAI regions, INTOSAI Professional Standards Committee, INTOSAI Performance Audit Subcommittee, and IDI's resource persons and experts.

At the same time, the IDI translated Version 0 iCAT in Spanish, Arabic, and French and placed it on the IDI website for public exposure. The IDI sent the translated iCAT to the OLACEFS, ARABOSAI, and CREFIAF regional secretariats to disseminate among the SAIs of these regions for comments.

The IDI acknowledges the valuable comments it has received from the stakeholders on the Version 0 exposure. These comments are duly incorporated and have been very useful in improving the iCAT and developing Version 1. A disposition table showing the comments received and the action taken on them is also published with this Version 1. As Version 1 of the PA iCAT now replaces Version 0; IDI withdraws Version 0 PA iCAT on the date of the publication of Version 1.

## Sections of this PA iCAT guidance

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There are seven sections in this guidance, including this section – about the PA iCAT. Section two explains how the SAI can use the iCAT tool in its ISSAI implementation needs assessment process. Section three describes the iCAT tool's format and elements. Section four provides guidance on how the SAI teams can conduct the iCAT using the tool. Section five of this document is the PA iCAT tool, which contains all ISSAI 3000 requirements. Section six includes the explanations and guidance of all ISSAI 3000 requirements covered in the iCAT tool.

We recommend that the SAI teams using iCAT tool read the explanation of a particular requirement (provided in section six) to understand the underlying concepts, and the issues to consider while assessing. The team could also follow the guidance provided to evaluate the situation in the SAI regarding particular ISSAI requirements and decide whether these requirements are implemented or not in the SAI's performance audit practice.

Section seven is about writing the iCAT report after completing the iCAT tool. The iCAT report is for the SAI to consider the identified ISSAI implementation needs and develop a strategy and action plan for moving towards full compliance with ISSAIs in the performance audit practice.

## 2. Using the PA iCAT in SAI's ISSAI Implementation Needs Assessment

ISSAI implementation in the SAI is often a technical process rather than an administrative one. The process begins with SAI's strategic decision of implementing the ISSAIs. Then the SAI needs to take measures to implement the ISSAIs in its audit process step by step. The iCAT is a crucial tool to use in the SAI's ISSAI implementation process. To determine ISSAI implementation needs, the SAI needs to compare its audit practice, relevant guidelines and methodology against the respective ISSAIs. For this, first, the SAI needs to map its audit universe in terms of the three audit types – financial, performance and compliance audits. To perform a needs assessment, the IDI recommends a step-by-step mapping process, as shown below.



By analysing the mandate and its current audit practice vis-a-vis the mandate, the SAI can identify what types of audit it is performing. At the same time, the SAI determines the expectations of its stakeholders. At this stage, the SAI evaluates its position related to the audit impact (including gender and inclusiveness), stakeholder engagement and the local context, which are essential in assessing needs for a robust audit practice that will add value.

Based on its mandate, existing practice, and the expectations from the stakeholders, the SAI can decide if it wants to implement the ISSAIs of a respective type of audit and if it is ready with the resources required for the implementation process.

### The relationship between iCAT and ISSAI implementation needs assessment

Once the SAI considers itself ready with the necessary resources for implementing the ISSAIs, it needs to determine the implementation needs in the audit methodology for a particular type of audit, for example, performance audit. The SAI needs to compare its current performance audit methodology in practice against the ISSAI 3000 requirements (stage 4 of the mapping process above). The SAI can accomplish this by applying the performance audit iCAT.

The result of using the PA iCAT tool will reveal the status of the SAI's performance audit practices, and on this basis, the SAI would develop a strategy addressing the needs for implementing the performance audit ISSAIs. This approach can facilitate the SAI moving towards full compliance with ISSAIs.

The PA iCAT tool is explained in the next section.



### 3. Understanding the PA iCAT tool

The performance audit iCAT tool is designed to assist the needs assessment team in ascertaining whether the SAI has implemented the requirements of ISSAI 3000, and if not, what are the implementation needs. The ISSAI requirements in iCAT are aligned with the ISSAI 100 – the fundamental principles of public sector auditing, and the ISSAI 300 – the fundamental principles of performance auditing.

The structure of the PA iCAT maps the SAI’s performance audit practice with the ISSAI 3000 *general requirements* of performance auditing and with the requirements related to the *performance auditing process*.

Section five of this document includes the complete PA iCAT tool. SAI teams who will conduct the needs assessment can use the iCAT tool. The iCAT tool has six columns, as shown below.

ISSAI 3000 requirements	Is the requirement implemented in audit practice?	If <b>YES</b> : explain how the requirement is implemented in SAI’s audit practice.	If <b>NO</b> : determine the required implementation efforts.	If <b>NO</b> : explain how to address the specific need(s) for implementing the requirement.	If <b>Not Relevant</b> : explain the rationale on how the requirement is not relevant.
Column I	Column II	Column III	Column IV	Column V	Column VI

#### Column I - ISSAI 3000 Requirements

This column includes the ISSAI 3000 reference number and the statement of the requirement. ISSAI reference shows the paragraph number of the requirement in ISSAI 3000 document, for example, the first requirement is ISSAI 3000/21.

The ISSAI 3000 contains mandatory requirements and their explanations. The requirements are the minimum necessary conditions for accomplishing a high-quality audit, and they are presented as ‘shall’ statements. The word ‘shall’ indicates that a sentence is to be understood as a ‘requirement’ when the SAI used ISSAIs as the authoritative auditing standard (and when the SAI makes reference to the ISSAIs in its audit reports). ‘Shall’ statements usually provide for the targets that an auditor shall achieve or conditions the auditor shall consider.

**Explanation of the requirement:** Each requirement in column I has an explanation. While using the iCAT tool, the team may refer to the explanation of the requirement to understand the underlying concepts/elements of the requirement.

#### Column II - Is the requirement implemented in audit practice?

The iCAT team has to ascertain, in the sample audit files, whether a requirement is implemented or not. The team can select one of the three options here:

**Yes:** Based on the situation of the requirement in the audit files, if the team finds it is implemented in practice, it selects ‘Yes’. In that case, the team needs to explain in column III how the requirement is implemented in the SAI’s audit practice, with evidence and reference documents.

**No:** If the team finds that the requirement is not implemented in practice, it selects ‘No’. It means there is a need for some implementation efforts from the SAI for that particular requirement. The specific needs should arise from the assessment of the requirement in the audit files and the available documentation. Column IV provides a list of suggestive areas where the SAI can initiate

its implementation efforts to comply with the requirement. If there are already some efforts being implemented, the team can choose the option “No” and inform what has been done in the iCAT report.

**Not relevant:** Some requirements may not be relevant for the specific assessment, for example, requirements related to follow-up of recent audits. In that case, the team should select ‘Not relevant.’

### **Column III - If YES: explain how the requirement is implemented in SAI's audit practice**

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If a particular requirement is implemented *in practice*, it does not need any implementation efforts from the SAI. However, to consider that a requirement is implemented in practice, the iCAT team needs to have sufficient and appropriate evidence indicating that the respective auditors have followed the methodology and complied with relevant procedures/guidance regarding the requirement. The team also needs to ensure that the SAI's performance audit practice meets the requirement. This means that the requirement should be implemented in the sample of audits selected for the assessment, and not just in one performance audit.

### **Column IV - If NO: determine the required implementation efforts**

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If the conclusion related to a specific requirement is that there are implementation efforts required, the iCAT team will choose the area (or areas) where the situation needs improvement. The areas are listed below, as well as explanations on how to analyse and decide that implementation efforts are required.

#### **1. SAI Policy:**

Policy refers to top management's principles or rules to guide the decision-making in the SAI and achieve the desired results and outcomes described in the requirement. A policy is a tool to put the decisions into practice. These tools define what the auditor or other SAI employee involved in the audit should do in practice. If the SAI has formulated a policy to fulfil the relevant requirement and carries all the necessary characteristics, the requirement is complied with. Implementation effort is required when there is no policy in place, or the policy doesn't carry the characteristics described in the requirement. Also, there can be a policy, but it may lack key elements which make the practice non-compliant with the standards.

#### **2. SAI human resources:**

If the requirement shows that the inadequacies lie with SAI human resource management. It might be, for example, lack of resources, high staff turnover, management problems.

#### **3. SAI systems and other resources:**

If there is a gap in the SAI regarding the systems and other resources (for example, financial), to comply with a particular requirement. For example, if the SAI needs automated audit software to assist the team in conducting a large population sampling and analysis of the information generated by the entity or if the SAI has inadequate financial resources and logistics to assist the SAI team in conducting an audit objectively and independently. Implementation effort is required if the SAI cannot arrange for these resources. Specify what are the other resources in column V.

#### **4. Team competence:**

If the audit team members are not competent to apply the requirement or SAI has not trained its staff in that area. The SAI needs to consider the team competencies to comply with the requirement. The team collectively should have the necessary competence to perform the audit. Implementation effort is required when there is no proper human resource management to ensure that competent auditors conduct the audits.

5. **Audit management, supervision and quality control:**

These refer to any management intervention (for example supervision, review, and quality control review) designed to provide with reasonable assurance that the requirement is carried out following relevant standards and applicable legal and regulatory requirements. SAI needs implementation effort when supervision, review and quality control review responsibilities are not there, and (or) they are not sufficient to provide reasonable assurance in achieving the desired quality of the requirement.
6. **Audit methodology:**

When the iCAT team finds that the SAI audit methodology does not cover the requirement; as a result, the audit team did not apply the requirement in the audit. Implementation effort is required to update/revise the methodology.
7. **Implementation of audit methodology:**

Implementation mechanism guides the auditor to apply the audit methodology to practice and shows how the auditor can accomplish the particular task as required in the standard. The mechanism may be in the form of a template, process, tool, or document that fulfils the requirement. The team checks if an implementation mechanism to fulfil the relevant requirement is in place, and it carries all the necessary characteristics. Implementation effort is required when an implementation mechanism is in place, but it does not carry all the necessary characteristics, or implementation is not consistent, or there is no implementation mechanism in place.
8. **Audit documentation:**

There should be adequate documentation (either on paper or in electronic format) regarding the requirement that ensures that someone not involved in the audit is able to understand the decisions made by the auditor. Ideally, the SAI identifies the areas of documentation needs for a requirement and ensures documentation that takes place is complete, timely and consistent. Implementation effort is required when documentation for the requirement is partial or not complete, consistent and timely, or there is no documentation.
9. **Communication:**

Communication refers to the flow of information in the SAI, which directs the field auditors and feeds into management functions. Communication is more than just a transmission mechanism or passing of a message. It should confirm the understanding of the audit matters by all parties. It should ensure that the relevant information regarding the requirement is communicated to all relevant parties (subordinates, peers, managers, third parties, and other stakeholders) consistently, and there is a common understanding about it, leading to consistent interpretation. Implementation effort is required when information regarding the requirement is not full, and there is no common understanding about it, or the level of understanding does not lead to consistent interpretation.
10. **Stakeholder engagement:**

The SAI team needs to contact, consult, communicate with the different groups or organisations to fulfil a requirement. A stakeholder is defined (in INTOSAI-P 12/3) as a person, group, organisation, member or system that can affect or can be affected by government and public sector entities' actions, objectives, and policies. The SAI needs implementation effort if it does not follow up with the users and does not engage with stakeholders throughout the audit process and does not communicate the results with the stakeholders, like the media, or civil society. In some cases, a requirement may ask for feedback from the stakeholders to implement audit recommendations.

11. Other areas (not included in the list):

If the team identifies any other areas which are not in the list above, they can be elaborated here. Specify what are the areas in column V.

**Column V - If NO: Explain how to address the specific implementation need(s) for the requirement**

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After the team determines the specific area(s) of implementation efforts in column IV, it needs to elaborate on how to address these areas. In column V the team could suggest what the SAI could do, for the areas identified, to ensure compliance with the ISSAI requirement in its future audits. The team needs to identify the reasons for not complying with the requirement. As mentioned before, determining the real cause of non-compliance would require detailed analysis of the information gathered. If needed, the team should conduct further work to identify all relevant causes of non-compliance.

This column, together with column III, can form the basis for the recommendations of the iCAT report. The team can recommend, based on the situation found and its causes, as appropriate, for example, to update the policy or to revise a specific part of the methodology, update the template, add additional material in the training of auditors, allocate appropriate human resources, or to strengthen the quality control function.

**Column VI - If Not Relevant: Explain the rationale on how the requirement is not relevant**

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When the team determines that a particular requirement is not applicable or not relevant for the performance audit under assessment, it will document the rationale for that in this column. For example, when the legal SAI mandate does not provide for the requirement. It is essential to document the basis for selecting this option. It may reduce the risk of relevant requirements being overlooked by the team.

## 4. How to use the PA iCAT tool

This section guides the process of using the iCAT tool. It explains the appropriate team for conducting the iCAT, steps in completing the iCAT and considerations for accomplishing the iCAT in an effective manner.

### Who can use the PA iCAT tool?

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It is good practice that a team rather than an individual use the iCAT. We recommend that the SAI form a team composed of performance auditors that, collectively, have the competencies required by the ISSAIs. The team needs to possess knowledge in research design, social science methods, investigation techniques; analytical capacity; writing and communication skills; creativity; knowledge of government organizations, programmes and functions.

It is beneficial for the SAI if some team members have managerial backgrounds so that they have good organisational overview and influence in subsequent implementation initiatives. Besides members who have a good understanding of SAI level issues, we recommend that the team also have members who are familiar with the relevant audit practice as defined by the ISSAIs and as practiced in the SAI.

### Support from the top management

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Accomplishing the iCAT is entirely dependent on SAI top management commitment as it is imperative in the ISSAI implementation process. The SAI management could proactively follow-up on the status of the assessment process and address the needs or challenges of the iCAT team. The SAI management may also ensure that the iCAT team has the required resources and competencies to successfully conduct the iCAT. SAI management should consider the iCAT report and take the necessary actions to implement the recommendations.

### How to use the PA iCAT tool?

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Using the PA iCAT tool involves planning, gathering data to fill in the PA iCAT table and writing a report based on the findings.

#### Planning the PA iCAT

Like any other project, conducting PA iCAT requires resources such as people, funds, logistics and time, among others. It is a best practice that the iCAT team prepares an action plan detailing the milestones, the resource requirements and the risks related to each milestone. The team also need to recognise and manage risks arising during the process.

The team will select the sample of audits, which will be the basis for filling in the iCAT tool. The SAI should ensure that there are adequate measures in place for quality check at different stages of the iCAT process to achieve the desired result.

#### Selecting sample audits to cover the audit practice

To assess the ISSAI implementation needs, the iCAT team needs to select samples of audits from its performance audit universe. The iCAT team can choose the most recent audit engagements to ensure that the assessment reflects the current audit practice. The sample of audit engagements selected should represent the overall SAI performance audit practice covering the SAI's different functional divisions, departments and geographical regions. In other words, the sample chosen should be typical. The iCAT team may stratify the samples

accordingly (for example: by functional divisions, departments, etc.) and carry out the assessment separately to arrive at a uniform and consistent conclusion on implementation needs.

### Defining procedures

The iCAT team can use the iCAT tool (Section 5) in each performance audit in the sample to identify the needs regarding ISSAI implementation.

To be able to apply the tool, the iCAT team might need to use different types of data collection procedures. The definition of the procedures used to gather data is done during the planning stage of the iCAT process.

### Gathering data to complete the PA iCAT

While gathering data to conduct iCAT, we recommend that the team uses a variety of data gathering techniques like focus groups, interviews, document review, survey and observation. The technique selected must be appropriate for gathering valid and relevant information for assessing ISSAI implementation needs. For example, if the team wants to check the extent to which a policy is implemented, interviewing people may not be enough; the team would have to review documentation supporting implementation. It is also important to gather information about the causes or reasons for SAI's ISSAI implementation actions or lack of them.

In conducting iCAT, the team can use one or more of the following techniques to gather data:

- Observation of audit processes and procedures, activities and tasks.
- Document review (working paper files, audit manuals, relevant legislation).
- Interviews with various levels of personnel in the SAI.
- Focus groups.

We also recommend getting input from external stakeholders, for example, audited entities, parliament members, civil society, non-profit organisations etc. where relevant.

### Participatory Approach

We recommend a consultative process for conducting iCAT. The iCAT team needs to consult with a cross-section of SAI staff at various levels (audit team, other auditors, supervisors, managers, top managers). We also recommend that the team takes into account external stakeholders' views and their needs. It will help the iCAT team understanding the performance audit practice and the value added by the performance audits. The stakeholder involvement ranges from providing information or opinion to having an integral part in making decisions on needs and priorities. Though the iCAT team is small, involving more people will lead to greater ownership and a more robust and effective iCAT process. If the SAI management can ensure the ownership of the process at the iCAT stage, the subsequent steps of developing and implementing the strategy for ISSAI implementation will have greater acceptance in the SAI.

### Documentation

The iCAT team needs to systematically document all working papers and the evidence that it generates while completing the iCAT tool. Adequate documentation (for example, data gathering tools used for collecting information) helps the team in writing the iCAT report and is necessary for illustrating the conclusions of the iCAT to the SAI management. In addition, adequate documentation would serve as a model example for future iCAT teams conducting similar exercises.

### Writing the PA iCAT Report

The process does not end when the iCAT team fills in the iCAT tool. The tool will provide information to be analysed and to allow a conclusion on the SAI audit practices. This will be included in the final product of an iCAT assignment, the iCAT report.

The report will contain a summary of the iCAT process and an overview of the SAI's existing performance audit practices compared to ISSAI 3000. The report will also identify areas where implementation efforts are needed to make the SAI's performance audit methodology fully ISSAI compliant.

The report will conclude on ISSAI implementation needs at different stages of the performance audits and provide recommendations based on the causal analysis.

We recommend that the iCAT team start drafting the report and decide on its structure throughout applying the iCAT tool. We also recommend agreeing on the structure of the iCAT report during the planning stage of iCAT. Section seven has more information about a suggested format of an iCAT report and the guiding principles to writing it.

## 5. PA iCAT tool

### A. General requirements of performance auditing

No.	ISSAI 3000 Requirements (Consider the explanations and guidance provided in section six for each requirement)	Is the requirement implemented in audit practice? (select from the dropdown list)	If <b>YES</b> : Explain how the requirement is implemented in SAI's audit practice (With supporting evidence and reference documents)	If <b>NO</b> : Determine the required implementation efforts (Select item(s) from the dropdown list)	If <b>NO</b> : Explain how to address the specific implementation need(s) for the requirement.	If <b>Not Relevant</b> : Explain the rationale on how the requirement is not relevant.
1	<b>ISSAI 3000/21</b> The auditor shall comply with the SAI's procedures for independence and ethics, which in turn shall comply with the related ISSAIs on independence and ethics.	Choose an item.		Choose an item.		
2	<b>ISSAI 3000/23</b> The auditor shall take care to remain independent so that the audit findings and conclusions are impartial and will be seen as such by the intended users.	Choose an item.		Choose an item.		
3	<b>ISSAI 3000/25</b> The auditor shall explicitly identify the intended users and the responsible parties of the audit and throughout the audit consider the implication of these roles in order to conduct the audit accordingly.	Choose an item.		Choose an item.		
4	<b>ISSAI 3000/29</b> The auditor shall identify the subject matter of a performance audit.	Choose an item.		Choose an item.		
5	<b>ISSAI 3000/32</b> The auditor shall communicate assurance about the outcome of the audit of the subject matter against criteria in a transparent way.	Choose an item.		Choose an item.		
6	<b>ISSAI 3000/35</b> The auditor shall set a clearly-defined audit objective(s) that relates to the principles of economy, efficiency and/or effectiveness.	Choose an item.		Choose an item.		



No.	ISSAI 3000 Requirements (Consider the explanations and guidance provided in section six for each requirement)	Is the requirement implemented in audit practice? (select from the dropdown list)	If <b>YES</b> : Explain how the requirement is implemented in SAI's audit practice (With supporting evidence and reference documents)	If <b>NO</b> : Determine the required implementation efforts (Select item(s) from the dropdown list)	If <b>NO</b> : Explain how to address the specific implementation need(s) for the requirement.	If <b>Not Relevant</b> : Explain the rationale on how the requirement is not relevant.
7	ISSAI 3000/36 The auditor shall articulate the audit objective(s) in sufficient detail in order to be clear about the questions that will be answered and to allow logical development of the audit design.	Choose an item.		Choose an item.		
8	ISSAI 3000/37 If the audit objective(s) is formulated as audit questions and broken down into sub-questions, then the auditor shall ensure that they are thematically related, complementary, not overlapping and collectively exhaustive in addressing the overall audit question.	Choose an item.		Choose an item.		
9	ISSAI 3000/40 The auditor shall choose a result-, problem or system-oriented audit approach, or a combination thereof.	Choose an item.		Choose an item.		
10	ISSAI 3000/45 The auditor shall establish suitable audit criteria, which correspond to the audit objective(s) and audit questions and are related to the principles of economy, efficiency and/or effectiveness.	Choose an item.		Choose an item.		
11	ISSAI 3000/49 The auditor shall, as part of planning and/or conducting the audit, discuss the audit criteria with the audited entity.	Choose an item.		Choose an item.		
12	ISSAI 3000/52 The auditor shall actively manage audit risk to avoid the development of incorrect or incomplete audit findings, conclusions, and recommendations, providing unbalanced information or failing to add value.	Choose an item.		Choose an item.		

No.	ISSAI 3000 Requirements (Consider the explanations and guidance provided in section six for each requirement)	Is the requirement implemented in audit practice? (select from the dropdown list)	If <b>YES</b> : Explain how the requirement is implemented in SAI's audit practice (With supporting evidence and reference documents)	If <b>NO</b> : Determine the required implementation efforts (Select item(s) from the dropdown list)	If <b>NO</b> : Explain how to address the specific implementation need(s) for the requirement.	If <b>Not Relevant</b> : Explain the rationale on how the requirement is not relevant.
13	ISSAI 3000/55 The auditor shall plan for and maintain effective and proper communication of key aspects of the audit with the audited entity and relevant stakeholders throughout the audit process.	Choose an item.		Choose an item.		
14	ISSAI 3000/59 The auditor shall take care to ensure that communication with stakeholders does not compromise the independence and impartiality of the SAI.	Choose an item.		Choose an item.		
15	ISSAI 3000/61 The SAI shall clearly communicate the standards that were followed to conduct the performance audit.	Choose an item.		Choose an item.		
16	ISSAI 3000/63 The SAI shall ensure that, the audit team collectively has the necessary professional competence to perform the audit.	Choose an item.		Choose an item.		
17	ISSAI 3000/66 The SAI shall ensure that the work of the audit staff at each level and audit phase is properly supervised during the audit process.	Choose an item.		Choose an item.		
18	ISSAI 3000/68 The auditor shall exercise professional judgment and scepticism and consider issues from different perspectives, maintaining an open and objective attitude to various views and arguments.	Choose an item.		Choose an item.		
19	ISSAI 3000/73 The auditor shall assess the risk of fraud when planning the audit and be alert to the possibility of fraud throughout the audit process.	Choose an item.		Choose an item.		

No.	ISSAI 3000 Requirements (Consider the explanations and guidance provided in section six for each requirement)	Is the requirement implemented in audit practice? (select from the dropdown list)	If <b>YES</b> : Explain how the requirement is implemented in SAI's audit practice (With supporting evidence and reference documents)	If <b>NO</b> : Determine the required implementation efforts (Select item(s) from the dropdown list)	If <b>NO</b> : Explain how to address the specific implementation need(s) for the requirement.	If <b>Not Relevant</b> : Explain the rationale on how the requirement is not relevant.
20	ISSAI 3000/75 The auditor shall maintain a high standard of professional behaviour.	Choose an item.		Choose an item.		
21	ISSAI 3000/77 The auditor shall be willing to innovate throughout the audit process.	Choose an item.		Choose an item.		
22	ISSAI 3000/79 The SAI shall establish and maintain a system to safeguard quality, which the auditor shall comply with to ensure that all requirements are met, and place emphasis on appropriate, balanced, and fair audit reports that add value and answer the audit questions.	Choose an item.		Choose an item.		
23	ISSAI 3000/83 The auditor shall consider materiality at all stages of the audit process, including the financial, social and political aspects of the subject matter with the goal of delivering as much added value as possible.	Choose an item.		Choose an item.		
24	ISSAI 3000/86 The auditor shall document the audit in a sufficiently complete and detailed manner.	Choose an item.		Choose an item.		

**B. Requirements related to performance auditing planning stage**

No.	ISSAI 3000 Requirements (Consider the explanations and guidance provided in section six for each requirement)	Is the requirement implemented in audit practice? (select from the dropdown list)	If <b>YES</b> : Explain how the requirement is implemented in SAI's audit practice (With supporting evidence and reference documents)	If <b>NO</b> : Determine the required implementation efforts (Select item(s) from the dropdown list)	If <b>NO</b> : Explain how to address the specific need(s) for the requirement.	If <b>Not Relevant</b> : Explain the rationale on how the requirement is not relevant.
25	<a href="#">ISSAI 3000/89</a> The auditor shall select audit topics through the SAI's strategic planning process by analysing potential topics and conducting research to identify risks and problems.	Choose an item.		Choose an item.		
26	<a href="#">ISSAI 3000/90</a> The auditor shall select audit topics that are significant and auditable, and consistent with the SAI's mandate.	Choose an item.		Choose an item.		
27	<a href="#">ISSAI 3000/91</a> The auditor shall conduct the process of selecting audit topics with the aim of maximising the expected impact of the audit while taking account of audit capacities.	Choose an item.		Choose an item.		
28	<a href="#">ISSAI 3000/96</a> The auditor shall 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 good project management.	Choose an item.		Choose an item.		
29	<a href="#">ISSAI 3000/98</a> The auditor shall acquire substantive and methodological knowledge during the planning phase.	Choose an item.		Choose an item.		
30	<a href="#">ISSAI 3000/101</a> During planning, the auditor shall design the audit procedures to be used for gathering sufficient and appropriate audit evidence that respond to the audit objective(s) and question(s).	Choose an item.		Choose an item.		

No.	ISSAI 3000 Requirements (Consider the explanations and guidance provided in section six for each requirement)	Is the requirement implemented in audit practice? (select from the dropdown list)	If <b>YES</b> : Explain how the requirement is implemented in SAI's audit practice (With supporting evidence and reference documents)	If <b>NO</b> : Determine the required implementation efforts (Select item(s) from the dropdown list)	If <b>NO</b> : Explain how to address the specific need(s) for the requirement.	If <b>Not Relevant</b> : Explain the rationale on how the requirement is not relevant.
31	ISSAI 3000/104  The auditor shall submit the audit plan to the audit supervisor and SAI's senior management for approval.	Choose an item.		Choose an item.		

### C. Requirements related to performing auditing conducting stage

No.	ISSAI 3000 Requirements (Consider the explanations and guidance provided in section six for each requirement)	Is the requirement implemented in audit practice? (select from the dropdown list)	If <b>YES</b> : Explain how the requirement is implemented in SAI's audit practice (With supporting evidence and reference documents)	If <b>NO</b> : Determine the required implementation efforts (Select item(s) from the dropdown list)	If <b>NO</b> : Explain how to address the specific need(s) for the requirement.	If <b>Not Relevant</b> : Explain the rationale on how the requirement is not relevant.
32	ISSAI 3000/106  The auditor shall obtain sufficient and appropriate audit evidence in order to establish audit findings, reach conclusions in response to the audit objective(s) and audit questions and issue recommendations when relevant and allowed by the SAI's mandate.	Choose an item.		Choose an item.		
33	ISSAI 3000/112  The auditor shall analyse the collected information and ensure that the audit findings are put in perspectives and respond to the audit objective(s) and audit questions; reformulating the audit objective(s) and audit questions as needed.	Choose an item.		Choose an item.		

D. Requirements related to performance auditing reporting stage

No.	ISSAI 3000 Requirements (Consider the explanations and guidance provided in section six for each requirement)	Is the requirement implemented in audit practice? (select from the dropdown list)	If <b>YES</b> : Explain how the requirement is implemented in SAI's audit practice (With supporting evidence and reference documents)	If <b>NO</b> : Determine the required implementation efforts (Select item(s) from the dropdown list)	If <b>NO</b> : Explain how to address the specific need(s) for the requirement.	If <b>Not Relevant</b> : Explain the rationale on how the requirement is not relevant.
34	<a href="#">ISSAI 3000/116</a> The auditor shall provide audit reports, which are a) comprehensive, b) convincing, c) timely, d) reader friendly, and e) balanced.	Choose an item.		Choose an item.		
35	<a href="#">ISSAI 3000/122</a> The auditor shall identify the audit criteria and their sources in the audit report.	Choose an item.		Choose an item.		
36	<a href="#">ISSAI 3000/124</a> The auditor shall ensure that the audit findings clearly conclude against the audit objective(s) and/or questions, or explain why this was not possible.	Choose an item.		Choose an item.		
37	<a href="#">ISSAI 3000/126</a> The auditor shall provide constructive recommendations that are likely to contribute significantly to addressing the weaknesses or problems identified by the audit, whenever relevant and allowed by the SAI's mandate.	Choose an item.		Choose an item.		
38	<a href="#">ISSAI 3000/129</a> The auditor shall give the audited entity the opportunity to comment on the audit findings, conclusions and recommendations before the SAI issues its audit report.	Choose an item.		Choose an item.		
39	<a href="#">ISSAI 3000/130</a> The auditor shall record the examination of the audited entity's comments in working papers, including the reasons for making changes to the audit report or for rejecting comments received.	Choose an item.		Choose an item.		

No.	ISSAI 3000 Requirements (Consider the explanations and guidance provided in section six for each requirement)	Is the requirement implemented in audit practice? (select from the dropdown list)	If <b>YES</b> : Explain how the requirement is implemented in SAI's audit practice (With supporting evidence and reference documents)	If <b>NO</b> : Determine the required implementation efforts (Select item(s) from the dropdown list)	If <b>NO</b> : Explain how to address the specific need(s) for the requirement.	If <b>Not Relevant</b> : Explain the rationale on how the requirement is not relevant.
40	ISSAI 3000/133 The SAI shall make its audit reports widely accessible taking into consideration regulations on confidential information.	Choose an item.		Choose an item.		

#### E. Requirements related to follow-up

No.	ISSAI 3000 Requirements (Consider the explanations and guidance provided in section six for each requirement)	Is the requirement implemented in audit practice? (select from the dropdown list)	If <b>YES</b> : Explain how the requirement is implemented in SAI's audit practice (With supporting evidence and reference documents)	If <b>NO</b> : Determine the required implementation efforts (Select item(s) from the dropdown list)	If <b>NO</b> : Explain how to address the specific need(s) for the requirement.	If <b>Not Relevant</b> : Explain the rationale on how the requirement is not relevant.
41	ISSAI 3000/136 The auditor shall follow up, as appropriate, on previous audit findings and recommendations and the SAI shall report to the legislature, if possible, on the conclusions and impacts of all relevant corrective actions.	Choose an item.		Choose an item.		
42	ISSAI 3000/139 The auditor shall focus the follow-up on whether the audited entity has adequately addressed the problems and remedied the underlying situation after a reasonable period.	Choose an item.		Choose an item.		

## 6. PA iCAT Guidance: Explanation of ISSAI 3000 requirements for completing the iCAT tool

### A. General requirements of performance auditing

No.	ISSAI 3000 Requirements	Explanation	Guidance
1	<p><b>ISSAI 3000/21</b></p> <p>The auditor shall comply with the SAI's procedures for independence and ethics, which in turn shall comply with the related ISSAIs on independence and ethics.</p>	<p>The auditor is to demonstrate professional behaviour and integrity, be objective, possess the required professional competence, and exercise due care. The auditor is also to maintain independence in fact and appearance and confidentiality regarding all audit matters.</p> <p>The auditor demonstrates independence in selecting their audit objectives, identifying and/or building the criteria. The audit criteria has to be discussed with the audited entity, but it is ultimately the auditor's responsibility to select suitable audit criteria.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI has a code of ethics. If the SAI has one, check if it is aligned with ISSAI 130 and how the SAI establishes systems to ensure that the staff complies with the ethical requirements.</li> <li>• Examine whether the SAI human resources management considers the ethical requirements and professional behaviour in operation of the SAI, related to performance audit. For example, check if there are written declarations from auditors to confirm compliance with the SAI's ethical requirements, if there are procedures in place to report breaches of ethical requirements.</li> <li>• Examine whether the auditors have signed a document stating that there is no conflict of interests related to the audit they have done.</li> <li>• Check if the SAI has procedures and mechanisms to ensure that the audit team could conduct the audit with independence, for example, to: identify and decide on audit topic, establish the audit objective, identify and/or build criteria, choose the methodology, gather evidence from different sources, write a balanced report.</li> <li>• Interview the audit team to ask if they have faced any issue related to ethics, conflict of interests or independence during the audit.</li> <li>• Examine whether the audit team conducted the audit while remaining independent, considering the steps above mentioned.</li> </ul>
2	<p><b>ISSAI 3000/23</b></p> <p>The auditor shall take care to remain independent so that the audit findings and conclusions are impartial and will be seen as such by the intended users.</p>	<p>The auditor needs to establish open and good communication with the responsible party of the audit about its understanding of the auditor's independence. It is also important to consider the positions of relevant stakeholders, and their interests, and to establish open and good communication with them nevertheless it is essential to guard one's independence.</p>	<ul style="list-style-type: none"> <li>• Examine the SAI's existing mechanisms for communicating with its stakeholders.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has taken steps to ensure open and good communication with the</li> </ul>



No.	ISSAI 3000 Requirements	Explanation	Guidance
		<p>The auditor must consider threats to compliance with the relevant independence requirements before and during an audit.</p>	<p>responsible party of the audit about its understanding of the auditor's independence.</p> <ul style="list-style-type: none"> <li>• Check if the SAI performance audit methodology covers the issue of independence when conducting an audit.</li> <li>• Check if the implementation mechanisms outline the systems/ processes/ guidance tools/ templates to help auditors consider threats to compliance with the relevant independence requirements before and during an audit.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has determined the most significant threats and applied control mechanisms to eliminate or reduce those threats to an acceptable level.</li> </ul>
3	<p><a href="#">ISSAI 3000/25</a></p> <p>The auditor shall explicitly identify the intended users and the responsible parties of the audit and throughout the audit consider the implication of these roles in order to conduct the audit accordingly.</p>	<p>The intended users are the persons for whom the auditor prepares the performance audit report. The legislature, the executive, government agencies, third parties concerned by the audit report, and the public can all be intended users.</p> <p>The responsible parties are primarily the ones that are supposed to act upon the conclusions and recommendations in the audit report. The role of the responsible party may be shared by a range of individuals, each with responsibility for a different aspect of the subject matter.</p> <p>It is advisable to find out who the relevant intended users are in the very early stages of the audit, since the auditor needs to consider the roles of the intended users while designing, conducting the audit and writing the recommendations. At the same time, the auditor needs to maintain his/her independence and objectivity.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of explicitly identifying the intended users and the responsible parties of the audit and considering the implication of these roles in order to conduct the audit accordingly.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors identify the intended users and the responsible parties of the audit and consider the implication of these roles in the audit.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has explicitly identified the intended users and the responsible parties of the audit and has registered the implications of these roles in the way the audit was to be conducted.</li> </ul>
4	<p><a href="#">ISSAI 3000/29</a></p> <p>The auditor shall identify the subject matter of a performance audit.</p>	<p>Subject matter refers to what is audited. The subject matter of a performance audit needs not be limited to specific programmes, entities or funds but can include activities or existing situations (including causes and consequences).</p>	<ul style="list-style-type: none"> <li>• Check whether the SAI performance audit guidelines and processes have provision that requires the identification of the subject matter to reflect the risk and materiality within the audit area.</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
		<p>The subject matter needs to reflect the risk and materiality within the audit area. This is important in order to add value and ensure that the audit is relevant. Identification of the subject matter will often be done on the basis of a risk analysis.</p>	<ul style="list-style-type: none"> <li>• Assess if the implementation mechanisms outline the processes/ systems/tools/templates for the auditors to identify the subject matter based on the risk and materiality within the audit area.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has identified the subject matter based on consideration of the risk and materiality within the audit area.</li> </ul>
5	<p><b>ISSAI 3000/32</b></p> <p>The auditor shall communicate assurance about the outcome of the audit of the subject matter against criteria in a transparent way.</p>	<p>Assurance means that users can be confident in the findings, conclusions and recommendations in the report. The auditor provides the users with assurance by explaining how findings, criteria and conclusions were developed in a balanced and reasoned manner, and by having findings supported by sufficient, valid, relevant and reliable evidence.</p> <p>Thus, the audit reports are intended to provide confidence for intended users that the audit conclusions accurately reflect the state of the underlying subject matter. Intended users of the audit reports should be able to be reasonably sure that the conclusions are reliable and valid.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of providing assurance to users in audit reports.</li> <li>• Examine the reports in the selected sample of audits, and check whether it shows how findings, criteria and conclusions were developed in a balanced and reasoned manner, how the findings resulted in the conclusions and how the findings are supported by sufficient, valid, relevant and reliable evidence.</li> </ul>
6	<p><b>ISSAI 3000/35</b></p> <p>The auditor shall set a clearly-defined audit objective(s) that relates to the principles of economy, efficiency and/or effectiveness.</p>	<p>The audit objective states the purpose of the audit and what the auditor seeks to achieve. It can be thought of as the overall audit question concerning the subject matter to which the auditor seeks an answer. The audit objective therefore needs to be framed in a way that allows a clear and unambiguous conclusion.</p> <p>Well-defined audit objectives relate to a single entity or an identifiable group of government undertakings, systems, operations, programmes, activities or organisations.</p> <p>When auditing economy the auditor has to assess whether the inputs chosen represent the most economical use of public funds, whether the resources available have been used economically, and if the quality and the quantity of the ‘inputs’ are optimal and suitably co-ordinated. In efficiency, the main question is whether resources have been put to optimal or satisfactory use or whether the same or similar results in terms of quality and turn-around time could have been achieved with fewer resources. Effectiveness is concerned with the relationship between goals or objectives, outputs and impacts.</p>	<ul style="list-style-type: none"> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether:             <ol style="list-style-type: none"> <li>1) Audit questions and sub-questions are mutually exclusive and collectively exhaustive in addressing the audit objective, and addressing principles of economy, efficiency and/or effectiveness.</li> <li>2) All terms employed in the question are clearly defined.</li> </ol> </li> <li>• Interview the audit team and supervisor to get information about the process followed in the team to come up with the audit objective and audit questions.</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
7	<p><b>ISSAI 3000/36</b></p> <p>The auditor shall articulate the audit objective(s) in sufficient detail in order to be clear about the questions that will be answered and to allow logical development of the audit design.</p>	<p>The audit objective(s) can be thought of as the overall audit question concerning the subject matter to which the auditor seeks an answer. The audit objective therefore needs to be framed in a way that allows a clear and unambiguous conclusion.</p> <p>The audit objective(s) can be expressed in the form of one overall audit question which is then broken down into more detailed/specific sub-questions.</p>	<p>Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether audit objective(s) is framed in a way that allows a clear and unambiguous conclusion.</p>
8	<p><b>ISSAI 3000/37</b></p> <p>If the audit objective(s) is formulated as audit questions and broken down into sub-questions, then the auditor shall ensure that they are thematically related, complementary, not overlapping and collectively exhaustive in addressing the overall audit question.</p>	<p>Many audit objectives can be framed as an overall audit question, which can be broken down into sub-questions that are more precise. Instead of defining a single audit objective or overall audit question, the auditor may choose to develop several audit objectives, which need not always be broken down into questions and sub-questions.</p> <p>It is important for the audit questions to be thematically related, complementary, not overlapping and collectively exhaustive in addressing the audit objective(s). The aim is to cover all aspects of the audit objective by specific audit questions. All terms employed in the questions need to be clearly defined.</p>	<p>Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether:</p> <ol style="list-style-type: none"> <li>1) The audit questions are thematically related, complementary, not overlapping, mutually exclusive and collectively exhaustive in addressing the overall audit question (the audit objective). It means that the questions together need to be enough to answer the audit objective.</li> <li>2) All terms employed in the questions are clearly defined.</li> </ol>
9	<p><b>ISSAI 3000/40</b></p> <p>The auditor shall choose a result-, problem or system-oriented audit approach, or a combination thereof.</p>	<p>The overall audit approach is a central element of any audit. It determines the nature of the examination to be made. It also defines the necessary knowledge, information and data and the audit procedures needed to obtain and analyse them. Performance auditing generally follows one of three approaches:</p> <ol style="list-style-type: none"> <li>a) a system-oriented approach, which examines the proper functioning of management systems and is based on ideas and concepts from 'system theory', where government undertakings or programmes are seen as systems of interacting and functional interdependent elements.</li> <li>b) a result-oriented approach, which assesses whether outcome or output objectives have been achieved as intended or programmes and services are operating as intended. In this approach, shortcomings are likely to be defined as deviations from norms or criteria. Recommendations, if presented, are often aimed at eliminating such deviations. The perspective is in that sense basically normative.</li> <li>c) a problem-oriented approach, which examines, verifies and analyses the causes of particular problems or deviations from criteria. In a problem-oriented performance audit,</li> </ol>	<ul style="list-style-type: none"> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether: <ol style="list-style-type: none"> <li>1) the selected audit planning memorandums and reports specifically state the approach or the combination of approaches used during the audit.</li> <li>2) Examine the audit plan, report and working papers to ensure that: <ol style="list-style-type: none"> <li>a. When using a system-oriented approach, the performance auditors have considered the functioning of management systems.</li> <li>b. Under the results-oriented approach the auditors dealt with questions that mainly the form: 'What is the performance or what results have been achieved, and have the requirements or the objectives been met?'</li> <li>c. In a problem-oriented approach the auditors have dealt with questions that mainly take the form: 'Do the stated problems really exist and, if so, how can they be understood and what are the</li> </ol> </li> </ol> </li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
		<p>the starting point is a known or suspected deviation from what should or could be. The problem-oriented approach deals primarily with problem verification and problem analysis.</p> <p>All three approaches can be pursued from a top-down or bottom-up perspective. Top-down audits concentrate mainly on the requirements, intentions, objectives and expectations of the legislature and central government. A bottom-up perspective focuses on problems of significance to people and the community.</p>	<p>causes?', where hypotheses about possible causes and consequences are formulated and tested.</p> <p>d. When using a combination of approaches, the selection was justified and there is an explanation on how the choice is linked to audit objectives.</p> <ul style="list-style-type: none"> <li>• Interview the audit team and supervisor to obtain information about how they defined the audit approach, in combination with the audit objective and the audit scope.</li> </ul>
10	<p><b>ISSAI 3000/45</b></p> <p>The auditor shall establish suitable audit criteria, which correspond to the audit objective(s) and audit questions and are related to the principles of economy, efficiency and/or effectiveness.</p>	<p>Criteria are the benchmarks used to evaluate the subject matter. Performance audit criteria are reasonable and audit-specific standards of performance against which the economy, efficiency and effectiveness of operations can be evaluated and assessed. The criteria provide a basis for evaluating the evidence, developing audit findings and reaching conclusions on the audit objectives. The criteria can be qualitative or quantitative and should define what the audited entity will be assessed against. The criteria may be general or specific, focusing on what should be according to laws, regulations or objectives; what is expected, according to sound principles, scientific knowledge and best practice; or what could be (given better conditions).</p> <p>In defining audit criteria, the auditor needs to consider that the criteria are relevant, understandable, complete, reliable, and objective. These attributes can be described as follows:</p> <p>a) relevant audit criteria contribute to conclusions that assist decision-making by intended users and to conclusions that answer on the audit questions.</p> <p>b) understandable audit criteria are those that are clearly stated, contribute to clear conclusions and are comprehensible to the intended users. They are not subject to wide variations in interpretation.</p> <p>c) complete audit criteria are those that are sufficient for the audit purpose and do not omit relevant factors. They are meaningful and make it possible to provide the intended users with a practical overview for their information and decision-making needs.</p> <p>d) reliable audit criteria result in reasonably consistent conclusions when used by another auditor in the same circumstances.</p>	<ul style="list-style-type: none"> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether: <ol style="list-style-type: none"> <li>1) The criteria and their sources were specified in the audit report.</li> <li>2) The criteria were specifically linked to audit questions and documented.</li> <li>3) The criteria were specifically linked to audit findings and documented.</li> <li>4) The criteria can be considered relevant, understandable, complete, reliable, and objective.</li> </ol> </li> <li>• Interview the audit team and supervisor to get information about the process developed during the audit to define the audit criteria. Ask especially about the consultation with audited entities and other stakeholders in the definition of the criteria.</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
		e) objective audit criteria are free from any bias on the part of the auditor or the audited entity.	
11	<p><a href="#">ISSAI 3000/49</a></p> <p>The auditor shall, as part of planning and/or conducting the audit, discuss the audit criteria with the audited entity.</p>	<p>Audit criteria are established by the auditor. However, they must be discussed with the audited entity (and possibly with other stakeholders) during the planning phase. Discussing the audit criteria with the audited entity serves to ensure there is a shared and common understanding of what criteria will be used as benchmarks when evaluating the audited entity. It is therefore important to clearly define the criteria that the audited entity will be assessed against. If the auditee agrees with the criteria, he/she will be more willing to implement the recommendations proposed in the audit report.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes covers the issue of discussing audit criteria with the audited entities.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether: <ol style="list-style-type: none"> <li>1) The working paper files contain relevant documents, e.g. minutes of meetings, correspondence, that the criteria were discussed with the audited entities.</li> <li>2) In case of disagreement with the audited entities, the auditors have documented the reason for disagreement and the rationale for deciding on a specific criteria.</li> </ol> </li> <li>• Interview the audit team and supervisor to get information about the process developed during the audit to define the audit criteria. Ask especially about the consultation with audited entities and other stakeholders in the definition of the criteria.</li> </ul>
12	<p><a href="#">ISSAI 3000/52</a></p> <p>The auditor shall actively manage audit risk to avoid the development of incorrect or incomplete audit findings, conclusions, and recommendations, providing unbalanced information or failing to add value.</p>	<p>Audit risk is the possibility that the auditor's findings, conclusions and recommendations may be improper or incomplete, as a result of factors such as the insufficiency or inappropriateness of evidence, an inadequate audit process, or intentional omissions or misleading information due to misrepresentation or fraud. Dealing with audit risk is embedded in the whole process and methodology of performance audit.</p> <p>Actively managing audit risk includes the following: anticipating the possible or known risks of the work envisaged, developing audit approaches to address those audit risks during audit planning and the selection of methods, and documenting how those risks will be handled.</p> <p>Actively managing audit risk also includes considering whether the audit team has enough people, enough resources, and sufficient and appropriate competence to conduct the audit; has adequate access to accurate, reliable and relevant good quality information; has considered any new information that is available; and has considered alternative perspectives.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of managing audit risk, including whether the audit team has sufficient and appropriate competence to conduct the audit. Check if the same applies to external experts working for the SAI, if it is the case.</li> <li>• Check if the implementation mechanisms of the methodology outline the systems/processes/ guidance tools/templates to help auditors manage audit risk.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has: <ol style="list-style-type: none"> <li>1) identified the risks.</li> <li>2) assessed these risks.</li> </ol> </li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
			<p>3) developed and implemented strategies to prevent and mitigate the risks.</p> <p>4) monitored audit risk and mitigation strategies throughout the audit and made adjustments as needed to changing circumstances (i.e. apply a risk management approach when addressing audit risk).</p>
13	<p><a href="#">ISSAI 3000/55</a></p> <p>The auditor shall plan for and maintain effective and proper communication of key aspects of the audit with the audited entity and relevant stakeholders throughout the audit process.</p>	<p>Effective communication is important, because establishing good two-way communication with the audited entity and stakeholders can help improve the auditor’s access to information and data, and may help the auditor gain better insights into the perspectives of the audited entity and the stakeholders.</p> <p>The key audit aspects that the auditor needs to communicate to the audited entity include: the audit subject matter, audit objective(s) and audit questions, audit criteria, the time period to be audited, and the government undertakings, organizations and/or programmes to be included in the audit.</p> <p>A sound dialogue throughout the audit process with the audited entity involved is pivotal in achieving real improvements in governance and may increase the impact of the audit. In this context, the auditor can maintain constructive interactions with the audited entity by sharing audit planning, findings, arguments and perspectives as they are developed and assessed throughout the audit.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of developing effective and proper communication of key aspects of the audit with the audited entity and relevant stakeholders throughout the audit process.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors develop a communication plan with the audited entity and relevant stakeholders.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has: <ul style="list-style-type: none"> <li>1) informed the audited entities of the audit subject matter, audit objective(s), audit criteria, audit questions, the time period to be audited, and the government undertakings, organisations and/or programmes to be included in the audit.</li> <li>2) discussed with the audited entities audit planning, audit criteria, findings, arguments and perspectives as they are developed and assessed throughout the audit.</li> </ul> </li> <li>• Interview the auditor team and supervisor to register which key aspects of the audit have been communicated with the audited entities and other relevant stakeholders.</li> </ul>
14	<p><a href="#">ISSAI 3000/59</a></p> <p>The auditor shall take care to ensure that communication with stakeholders does</p>	<p>It is important for the auditor to maintain good professional relationships with all stakeholders involved in the audit, promote a free and frank flow of information as far as confidentiality requirements permit, and conduct discussions in an atmosphere of mutual respect and understanding of the respective role and responsibilities of each stakeholder.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of maintaining independence and impartiality, both in fact and appearance, in communicating with stakeholders.</li> </ul>

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	not compromise the independence and impartiality of the SAI.	However, these communications must not affect the independence and impartiality of the SAI and the auditors.	<ul style="list-style-type: none"> <li>• Check if the implementation mechanisms outline the systems/ processes/guidance tools/templates to help auditors consider measures to ensure that communication with stakeholders does not compromise the independence and impartiality of the SAI.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has identified and adopted such measures.</li> </ul>
15	<p><a href="#">ISSAI 3000/61</a></p> <p>The SAI shall clearly communicate the standards that were followed to conduct the performance audit.</p>	The SAI either needs to include a reference to the standard that was followed when conducting each performance audit in the related audit report, or may choose a more general form of communication by covering a defined range of engagements in a statement in an annual report or on the SAI’s website. When the standard followed is based on several sources taken together, this also needs to be communicated.	<ul style="list-style-type: none"> <li>• Check if the SAI has clear and public standards for performance audits, either on the SAI’s website or in its annual reports.</li> <li>• If not, check whether the reports in the selected sample of audits refer to the standard that was followed when conducting these audits.</li> </ul>
16	<p><a href="#">ISSAI 3000/63</a></p> <p>The SAI shall ensure that, the audit team collectively has the necessary professional competence to perform the audit.</p>	<p>Professional competence in performance auditing includes having sound knowledge of auditing, research design, social science methods and investigation or evaluation techniques. It also includes personal abilities such as analytical capacity, writing skills and communication skills, creativity and receptiveness to views and arguments. Performance auditing also requires sound knowledge of government organizations, programmes, and functions related to the subject matter of the audit, and may require expertise in social, physical, computer, or other sciences, as well as legal expertise.</p> <p>Since performance auditing is a team effort, it is not a good practice to conduct a performance audit alone, since the issues involved are complex. Consequently, not all members need to possess every skill mentioned above.</p> <p>Furthermore, if the auditor determines that external expertise is required to complement the knowledge of the audit team then the auditor may consult, as appropriate, with individuals, within and outside the SAI, who have this specialized expertise. Any external experts engaged with the audit also need to be independent from situations and relationships that could impair the external experts’ objectivity. Although the auditor may use the work of experts to help in obtaining audit evidence, the auditor retains full responsibility for the audit work and the conclusions in the audit report.</p>	<ul style="list-style-type: none"> <li>• Check whether the SAI has identified the knowledge and skill sets required in the selected sample of audits and that the audit team as a whole possessed the skill sets, including, if necessary, those provided by external expertise.</li> <li>• In the selected sample of audits, interview the auditors and the supervisor to understand how it was ensured that the audit team had the sufficient knowledge and skills to conduct the audit properly.</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
17	<p><b>ISSAI 3000/66</b></p> <p>The SAI shall ensure that the work of the audit staff at each level and audit phase is properly supervised during the audit process.</p>	<p>Supervision is essential to ensure that audit objectives are met and the quality of the audit work is maintained. Proper supervision and control is therefore necessary in all cases, regardless of the competence of the individual auditor. Audit supervision involves providing sufficient guidance and direction to staff assigned to the audit, to address the audit objectives and to follow applicable methodology, while staying informed about significant problems encountered, and reviewing the work performed.</p> <p>More specifically, supervision includes:</p> <ol style="list-style-type: none"> <li>a) Ensuring that all team members fully understand the audit objectives.</li> <li>b) Ensuring that audit procedures are adequate and properly carried out.</li> <li>c) Ensuring that the audit evidence is relevant, valid, reliable, sufficient and documented.</li> <li>d) Ensuring international and national auditing standards are followed.</li> <li>e) Tracking the progress of the engagement to ensure that budgets, timetables and schedules are met.</li> <li>f) Considering the competence and capabilities of individual members of the engagement team, whether they have sufficient time to carry out their work, whether they understand their instructions and whether the work is being carried out in accordance with the planned approach to the engagement.</li> <li>g) Addressing significant matters arising during the engagement, considering their significance and modifying the planned approach appropriately.</li> <li>h) Supporting the auditor as and when needed to overcome challenges in the audit.</li> <li>i) Providing hands-on support in solving issues that arise.</li> <li>j) Identifying matters for consultation or consideration by more experienced engagement team members during the engagement.</li> <li>k) Reviewing the audit work.</li> </ol> <p>The nature and extent of staff supervision, the review of audit work, and evidence of it, varies depending on a number of factors, such as the size of the audit organisation, the significance and complexity of the work, and the experience of the staff.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of audit supervision.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to structure supervision activities.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether there are documents that register supervision activities.</li> <li>• Interview the auditor team to check how the supervision was carried out during the audit.</li> <li>• Interview the supervisor to check how the supervision was carried out during the audit.</li> </ul>
18	<p><b>ISSAI 3000/68</b></p> <p>The auditor shall exercise professional judgment and scepticism and consider issues from different perspectives,</p>	<p>Performance audits require significant judgement and interpretation because audit evidence for this type of audit is more persuasive than conclusive in nature.</p> <p>Professional judgement refers to the application of collective knowledge, skills, and experience to the audit process. Using professional judgement helps the auditor determine</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of professional judgement and scepticism, as well as the need to maintain an open and objective attitude to various views and arguments.</li> </ul>



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	maintaining an open and objective attitude to various views and arguments.	<p>the level of understanding needed for the audit subject matter. It involves the exercise of reasonable care in the conduct of the audit and the diligent application of all relevant professional standards and ethical principles.</p> <p>Professional scepticism means maintaining professional distance from the audited entity and an alert and questioning attitude when assessing the sufficiency and appropriateness of the audit evidence obtained throughout the audit.</p> <p>Exercising professional judgement and scepticism allows the auditor to be receptive to a variety of views and arguments and better able to consider different perspectives, maintain objectivity, and evaluate the full range of audit evidence. It also helps to ensure that the auditor avoids errors of judgement or cognitive bias and draws objective conclusions based on a critical assessment of all of the audit evidence collected.</p>	<ul style="list-style-type: none"> <li>• In the selected sample of audits, interview the auditors to check whether he/she has exercised professional judgement and scepticism. These interviews need to have open-ended questions to capture what was behind the auditors reasoning and how they reached their conclusion on these issues.</li> <li>• In the interview, check whether the auditor has exercised professional judgement when: <ol style="list-style-type: none"> <li>1) determining the objective(s), questions and scope of the audit.</li> <li>2) determining the criteria.</li> <li>3) determining which findings are significant enough to report.</li> <li>4) evaluating whether sufficient and appropriate audit evidence has been obtained, and whether more needs to be done to answer the audit questions and to conclude against the objective(s).</li> </ol> </li> <li>• In the interview, check whether the auditor has exercised scepticism by, for example: <ol style="list-style-type: none"> <li>1) assessing the logic of the audit argument, alternative perspectives and views presented, and amending where necessary his/her understanding during the course of the audit, rather than just relying on evidence supporting the final conclusion.</li> <li>2) challenging management views, assumptions, not just accepting them.</li> <li>3) assessing the reliability of the source of the documents.</li> </ol> </li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has documented his/her decisions regarding the issues mentioned (professional judgement, scepticism, consideration of different perspectives, having and open and objective attitude to various views and arguments).</li> </ul>
19	<p><a href="#">ISSAI 3000/73</a></p> <p>The auditor shall assess the risk of fraud when planning the audit and be alert to</p>	<p>Fraud is defined as an intentional act by one or more individuals among employees, management, those charged with governance, or third parties involving the use of deception to obtain an unjust or illegal advantage such as:</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of assessing the risk of fraud when planning the audit.</li> </ul>

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	the possibility of fraud throughout the audit process.	<p>a) breach of trust,  b) collusive awarding of grants and contributions,  c) collusive bidding or awarding on contracts,  d) deceit,  e) dishonest acts,  f) false representation,  g) fraudulent concealment,  h) illegal acts,  i) intentional misstatements,  j) irregularities,  k) kickbacks,  l) secret commissions, and  m) theft.</p> <p>Unlike error, fraud is intentional and usually involves deliberate concealment of the facts. It may involve one or more members from the audited entity or third parties. The primary responsibility for the prevention and detection of fraud rests both with those charged with governance of the audited entity and with management of the audited entity.</p> <p>The auditor's responsibility is to identify and evaluate the risk of fraud where the risk is significant. The auditor also needs to determine audit procedures in response to those risks. If the auditor suspects or encounters fraud, he/she has to bring the matter to the attention of the supervisor and the relevant authorities for further action.</p>	<ul style="list-style-type: none"> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/ templates to assess the risk of fraud when planning the audit.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has: <ol style="list-style-type: none"> <li>1) assessed the internal control systems during the understanding of entity in order to evaluate the risk of fraud.</li> <li>2) examined the measures taken by management to mitigate the risk of fraud.</li> <li>3) designed adequate procedures to address the risk of fraud.</li> <li>4) taken proper action if fraud was suspected or identified.</li> </ol> </li> </ul>
20	<p><b>ISSAI 3000/75</b></p> <p>The auditor shall maintain a high standard of professional behaviour.</p>	<p>High expectations for the auditing profession include compliance with all relevant legal, regulatory and professional obligations, and avoidance of any conduct that might bring discredit to the auditor's work, including actions that would cause an objective third party with knowledge of the relevant information to conclude that the auditor's work was professionally deficient.</p> <p>The auditor is expected to apply a systematic audit approach and due care in all phases of the audit process. Due care generally refers to the care that a person of normal prudence would have exercised in performing a given work. This includes adequate care in audit planning, gathering and evaluating evidence and in reporting findings, conclusions and</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes state the need for the auditor to maintain a high standard of professional behaviour.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors maintain a high standard of professional behaviour, including the need to: <ol style="list-style-type: none"> <li>1) apply high professional standards in carrying out the work competently and with impartiality.</li> <li>2) not undertake work he/she is not competent to perform.</li> </ol> </li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
		<p>recommendations. The audit team and the SAI must exercise due care and concern in complying with the auditing standards.</p> <p>A high standard of professional behaviour needs to be maintained throughout the audit process, from topic selection to reporting.</p>	<p>3) know and follow applicable laws, regulations, conventions, policies, procedures and practices.</p> <p>4) possess a good understanding of the constitutional, legal and institutional principles and standards governing the operations of the audited entity.</p> <p>5) not engage in behaviour that may discredit the SAI.</p> <p>6) comply with ethical principles and requirements.</p> <ul style="list-style-type: none"> <li>• Interview audit team, supervisor, top manager and person responsible for quality assurance to verify how the items above are ensured.</li> <li>• Check working papers to verify how the decisions and occurrences related to the items above are documented.</li> </ul>
21	<p><a href="#">ISSAI 3000/77</a></p> <p>The auditor shall be willing to innovate throughout the audit process.</p>	<p>By being creative, flexible, and resourceful, the auditor will be in a better position to identify opportunities to develop innovative audit approaches for collecting, interpreting, and analysing information. It is important to recognize that different stages of the audit process provide different levels of innovation opportunities. During the planning stage, the auditor may have the greatest opportunity to innovate while still in the process of determining the best audit approaches and techniques applicable to the audit.</p> <p>Within audit and the fields of evaluation and social science, methodologies will evolve and develop, and new techniques and technologies for evidence gathering and analysis might be established which enhance the quality of the audit and audit report. As SAIs adopt new techniques and technologies as result of this, the auditor should be perceptive and willing to try new techniques and methodologies.</p>	<ul style="list-style-type: none"> <li>• Interview top management and review documentation to check whether the SAI fosters an innovative culture by: <ul style="list-style-type: none"> <li>a) stimulating innovative, low-cost, sustainable and web-based ways for SAIs to exchange views, documents and experiences.</li> <li>b) encouraging collaborative audits of relevant topics and foster experimentation with new approaches, techniques and reporting.</li> <li>c) leading by example in its governance and modus operandi;</li> <li>d) seeking an independent evaluation of its own governance and modus operandi.</li> <li>e) facilitating activities to develop its capacity to “deliver the message” in an effective way.</li> <li>f) keeping informed about new evaluation methodologies.</li> </ul> </li> <li>• In the selected sample of audits, interview the auditor to check whether he/she feels encouraged by the SAI to develop or adopt innovative audit approaches for collecting, interpreting, and analysing information, for example, by means of training in emerging issues and new developments in performance auditing.</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
22	<p><b>ISSAI 3000/79</b></p> <p>The SAI shall establish and maintain a system to safeguard quality, which the auditor shall comply with to ensure that all requirements are met, and place emphasis on appropriate, balanced, and fair audit reports that add value and answer the audit questions.</p>	<p>A quality control (QC) system includes policies and procedures designed to provide the SAI with reasonable assurance that it, and its personnel, comply with professional standards and applicable legal and regulatory requirements. The objective is to ensure that audits are conducted at a consistently high level. Quality control procedures cover matters such as direction, supervision and review of the audit process and the need for consultation in order to reach decisions on difficult or contentious matters. QC procedures need to be an integral part of the conduct of each performance audit to minimise the risks of error and drive consistency in conduct.</p>	<ul style="list-style-type: none"> <li>• Interview top management and review documentation to check whether the SAI has established a system of quality control covering the following elements (see ISSAI 140): <ul style="list-style-type: none"> <li>a) leadership responsibilities for quality.</li> <li>b) relevant ethical requirements.</li> <li>c) acceptance and continuance of audits.</li> <li>d) human resources.</li> <li>e) performance of audits.</li> <li>f) monitoring.</li> </ul> </li> <li>• Check if the SAI performance audit guidelines and processes cover the issue of quality control, with the elements stated in ISSAI 140.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates with the procedures to ensure compliance with professional standards and applicable legal and regulatory requirements.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and verify whether quality checks have been undertaken, such as management review, peer review of draft work and editorial review of final reports.</li> </ul>
23	<p><b>ISSAI 3000/83</b></p> <p>The auditor shall consider materiality at all stages of the audit process, including the financial, social and political aspects of the subject matter with the goal of delivering as much added value as possible.</p>	<p>Materiality is the relative importance of a matter, in the context in which it is being considered, that can change or influence the decisions of users of the report such as legislatures or executive. Materiality can be considered in the context of quantitative and qualitative factors, such as relative magnitude, the nature and effect on the subject matter and the interests expressed by intended users or recipients. In addition to monetary value, materiality includes issues of social and political significance, compliance, transparency, governance and accountability. Materiality can vary over time and can depend on the perspective of the intended users and responsible parties.</p> <p>The consideration of materiality is relevant in all aspects of performance audits. Therefore the auditor needs to consider materiality when selecting the audit topics, determining the</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of considering materiality at all stages of the audit process.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors consider materiality when selecting the audit topics, determining the audit objective(s), questions and scope, defining the criteria, evaluating the evidence, documenting the findings and developing the conclusions and recommendations.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether there are detailed explanations about how materiality was considered in selection of</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
		<p>audit objective(s), questions and scope, defining the criteria, evaluating the evidence, documenting the findings and developing the conclusions and recommendations.</p> <p>Findings are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence relevant decisions taken by intended users on the basis of the auditor’s report. The auditor’s consideration of materiality is a matter of professional judgement, and is affected by the auditor’s perception of the common information needs of the intended users.</p>	<p>the audit topics, determination of the audit objective(s), questions and scope, definition of the criteria, evaluation of the evidence, documentation of the findings and development of the conclusions and recommendations.</p>
24	<p><a href="#">ISSAI 3000/86</a></p> <p>The auditor shall document the audit in a sufficiently complete and detailed manner.</p>	<p>The auditor needs to keep all relevant documents collected and generated during a performance audit. Examples of the types of records that are generally expected to be documented for most performance audits include (a) details of the audit plan and methodology, (b) results of fieldwork and analysis, (c) communications and feedback with the audited entity, and (d) supervisory reviews and other quality control safeguards. The particular circumstances of the performance audit will determine the specific purpose and context of the audit documentation.</p> <p>Adequate documentation is important to provide a clear understanding of the audit work carried out, to enable an experienced auditor with no prior knowledge of the audit to understand the nature, timing, scope and results of the audit work performed and the audit evidence obtained to support the audit findings, conclusions and recommendations, and the reasoning behind all significant matters that required the exercise of professional judgement.</p> <p>It is important that the auditor prepares the audit documentation on a timely manner, keeps it updated during the audit and completes the documentation, if possible, before issuing the audit report.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of audit documentation.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors identify which documents to keep, including the minimum of (a) details of the audit plan and methodology, (b) results of fieldwork and analysis, (c) communications and feedback with the audited entity, and (d) supervisory reviews and other quality control safeguards.</li> <li>• In the selected sample of audits, check whether the documentation covers the aforementioned records.</li> </ul>

## B. Requirements related to performance auditing planning stage

No.	ISSAI 3000 Requirements	Explanation	Guidance
25	<p><b>ISSAI 3000/89</b></p> <p>The auditor shall select audit topics through the SAI's strategic planning process by analysing potential topics and conducting research to identify risks and problems.</p>	<p>Determining which audits will be carried out is part of the SAI's strategic planning process. The SAI's strategy provides the main direction for the work of the SAI and therefore also that of its performance auditing function. The strategy normally covers several years and guides the auditor in the selection of topics, programmes or themes for audit. While the number of potential topics, programmes and themes is usually high the SAI's capacity is usually limited. Consequently, audit selection decisions must be taken with care.</p> <p>Some SAIs may choose topics based on strategic considerations regarding the type of performance audit and reforms within the public sector. One possible strategic choice is to contribute to the modernisation of the government administration by focusing on auditing government programmes with significant performance problems. Other SAIs may choose topics based on other selection criteria, for example with regard to a specific type of public sector activity audit such as the hospital sector or larger investment projects. An alternative choice might be to simply focus on auditing individual government agencies and their performance towards meeting objectives and goals in relation to economy, efficiency and effectiveness.</p> <p>The selection of audit topics can result from assessing risk, analysing problems and considering materiality. In performance auditing, risks may involve areas of potential poor performance that concerns citizens or have a great impact on specific groups of citizens. The accumulation of such indicators or factors linked to an entity or a government programme may represent an important signal to the auditor and can lead the auditor to plan audits based on the risks or problems detected.</p>	<ul style="list-style-type: none"> <li>• Check whether:               <ol style="list-style-type: none"> <li>1) the SAI undertakes strategic planning and that a strategic plan has been formulated.</li> <li>2) the strategic plan contains a section on performance audit which outlines a list of potential areas for performance audits for the duration of the plan.</li> <li>3) the selection of audit areas involves strategic choices and selection criteria are established to be used for these choices.</li> <li>4) the strategic planning was based on risk analysis, or analysis of indications of existing or potential problems.</li> <li>5) the audit topics chosen were aligned with the strategic plan.</li> </ol> </li> </ul>
26	<p><b>ISSAI 3000/90</b></p> <p>The auditor shall select audit topics that are significant and auditable, and consistent with the SAI's mandate.</p>	<p>Assessing auditability is an important requirement in selecting the audit topic. At this stage, determining whether a topic is auditable or not depends on whether the audit topics are within the audit mandate of the SAI and whether the SAI has the audit capacities to conduct the audit.</p> <p>The auditor might have to consider, for instance, whether there are relevant audit approaches, methodologies, and audit criteria available and whether the information required is likely to be available and can be obtained efficiently. If the auditor determines</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of assessing auditability.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors select audit topics that are significant and auditable, and consistent with the SAI's mandate.</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
		that reliable information is not available then this may itself be a reason for selecting this area for an audit.	<ul style="list-style-type: none"> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the selection of the audit topic has included the assessment of its auditability.</li> </ul>
27	<p><a href="#">ISSAI 3000/91</a></p> <p>The auditor shall conduct the process of selecting audit topics with the aim of maximising the expected impact of the audit while taking account of audit capacities.</p>	<p>Since the SAI may have limited audit capacities in terms of human resources and professional skills, the audit topic selection process must consider the potential impact of the audit topic in providing important benefits for public finance and administration, the audited entity, or the general public with the resources available. Other aspects to be considered in topic selection are the results and recommendations of previous audits or examinations, and conditions in terms of timing.</p> <p>The analysis of potential topics should give consideration to maximizing the expected impact of an audit. When analysing potential topics and conducting research to identify risks and problems, the auditor is advised to consider the following:</p> <p>a) The greater the risk to performance in terms of economy, efficiency, and effectiveness or public trust; the more important the problems tend to be.</p> <p>b) Adding value is about providing new knowledge and perspectives. Greater added value can often be achieved by auditing policy fields or subjects that have not previously been covered by audits or other reviews.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of selecting audit topics with the aim of maximising the expected impact of the audit.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors select audit topics that maximise the expected impact of the audit while taking account of audit capacities.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the selection of the audit topic has considered maximising the expected impact of the audit while taking account of audit capacities.</li> <li>• Interview the audit team and the supervisor to obtain information about the process of selection the audit topic, considering the impact and the audit capacities.</li> </ul>
28	<p><a href="#">ISSAI 3000/96</a></p> <p>The auditor shall 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 good project management.</p>	<p>To accomplish a high-quality audit within a limited timeframe the auditor needs to consider the performance audit as a project in the sense that it involves planning, organizing, securing, managing, leading, and controlling resources to achieve specific goals. Managing the performance audit as a project requires the development of project management methodologies and strategies.</p> <p>In planning the audit in accordance with the principles of good project management, the auditor should identify the necessary activities, staffing and skills requirements (including the independence of the audit team, human resources and possible external expertise), the estimated cost of the audit, the key project timeframes and milestones and the main points for control.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes consider performance auditing as a project where resources should be well managed in order to conduct a high-quality audit which should be carried out in an economical, efficient, effective and timely manner.</li> <li>• Check if the implementation mechanisms outline the systems/processes/ guidance tools/ templates to help auditors identify the necessary activities, staffing and skills requirements (including the independence of the audit team, human resources and possible external expertise), the estimated cost of the audit, the key project timeframes and milestones and the main points for control.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
			aforementioned aspects have been identified and implemented adequately.
29	<p><a href="#">ISSAI 3000/98</a></p> <p>The auditor shall acquire substantive and methodological knowledge during the planning phase.</p>	<p>To ensure the audit is properly planned, the auditor needs to acquire sufficient knowledge of the audited programme or audited entity's business before the audit is launched. Therefore, before starting the audit, it is generally necessary to conduct research work for building knowledge, testing various audit designs and checking whether the necessary data are available. This preliminary work can be called pre-study.</p> <p>It is important to develop a sound understanding of the audited programme or the audited entity's business, as well as its context and possible impacts to facilitate the identification of significant audit issues and to fulfil assigned audit responsibilities.</p> <p>Sources of information for understanding what is audited may include:</p> <ul style="list-style-type: none"> <li>a) enabling legislation and legislative speeches;</li> <li>b) ministerial statements, government submissions, and decisions;</li> <li>c) the audited entity's risk profile;</li> <li>d) recent audit reports, working papers from other auditors, reviews, evaluations, and inquiries;</li> <li>e) scientific studies and research (including those from other countries);</li> <li>f) strategic and corporate plans, mission statements and annual reports;</li> <li>g) current and medium-term budgets;</li> <li>h) policy files, management committee and board minutes;</li> <li>i) organisation charts, internal guidelines, and operating manuals;</li> <li>j) programme evaluation and internal audit plans and reports;</li> <li>k) viewpoints from experts in the field;</li> <li>l) discussions with the audited entity and key stakeholders;</li> <li>m) management information systems or other relevant information systems;</li> <li>n) official statistics;</li> <li>o) reports from other SAIs;</li> <li>p) press coverage.</li> </ul> <p>Past evaluations and audits are often a useful source of information. They can help avoid unnecessary work in examining areas that have been under recent scrutiny and highlight deficiencies that have not yet been remedied.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of acquiring substantive and methodological knowledge during the planning phase.</li> <li>• Check if the implementation mechanisms outline the systems/ processes/ guidance tools/templates to help auditors build substantive and methodological knowledge during the planning phase.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files and interview the audit team to check whether they have conducted research work to develop a sound understanding of the audited programme or the audited entity's business, as well as its context and possible impacts to facilitate the identification of significant audit issues and to fulfil assigned audit responsibilities.</li> </ul>



No.	ISSAI 3000 Requirements	Explanation	Guidance
30	<p><b>ISSAI 3000/101</b></p> <p>During planning, the auditor shall design the audit procedures to be used for gathering sufficient and appropriate audit evidence that respond to the audit objective(s) and question(s).</p>	<p>The audit plan is designed to ensure the gathering of sufficient and appropriate audit evidence that will allow the auditor to develop audit findings, conclusions, and recommendations in response to the audit objective(s) and audit questions.</p> <p>It is also desirable that planning allow for flexibility, so that the auditor can benefit from insights obtained during the course of the audit. Practical considerations such as the availability of data may restrict the choice of methods previously considered according with best practices. It is therefore advisable to be flexible and pragmatic in this respect.</p>	<ul style="list-style-type: none"> <li>• Check if the implementation mechanisms of the SAI performance audit guidelines and processes outline the systems/processes/guidance tools/templates to help auditors design the audit procedures to be used for gathering sufficient and appropriate audit evidence that respond to the audit objective(s) and question(s).</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the audit plan shows the audit procedures to collect evidence to respond to the audit objective(s) and question(s).</li> <li>• If the plan changed during the conduction of the audit, check whether the changes were documented, as well as the reasons for the changes and the procedures that led to it (for example, discussions with supervisor and other stakeholders, documents examined etc.).</li> </ul>
31	<p><b>ISSAI 3000/104</b></p> <p>The auditor shall submit the audit plan to the audit supervisor and SAI's senior management for approval.</p>	<p>The SAI's senior and operational management as well as the audit team need to be fully aware of the overall audit design. Decisions on audit design and its consequences in terms of resources will often involve the senior management of the SAI, who can ensure that skills, resources and capacities are in place to address the audit objectives and the audit questions.</p> <p>Audit supervisors provide guidance and direction to staff assigned to the audit in order to address the audit objectives and follow applicable requirements. At the same time, they stay informed about significant problems encountered, review the work performed, and provide effective on-the-job training. The nature and extent of the supervision of staff and the review of audit work may vary depending on a number of factors, such as the size and organizational structure of the SAI, the significance of the work, and the experience of the staff. Usually, it is also advisable to keep senior and top management regularly informed about the progress of the audit and emerging findings, conclusions and recommendations.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of submitting the audit plan to the audit supervisor and SAI's senior management for approval.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has submitted the audit plan to the audit supervisor and SAI's senior management for approval.</li> </ul>

C. Requirements related to performing auditing conducting stage

No.	ISSAI 3000 Requirements	Explanation	Guidance
32	<p><a href="#">ISSAI 3000/106</a></p> <p>The auditor shall obtain sufficient and appropriate audit evidence in order to establish audit findings, reach conclusions in response to the audit objective(s) and audit questions and issue recommendations when relevant and allowed by the SAI's mandate.</p>	<p>Audit evidence should be both sufficient (quantity) and appropriate (quality) to persuade a knowledgeable person that the audit findings are reasonable.</p> <p>Sufficiency is a measure of the quantity of audit evidence used to support the audit findings and conclusions. In assessing the sufficiency of audit evidence, the auditor should determine whether enough audit evidence has been obtained to persuade a knowledgeable person that the audit findings are reasonable.</p> <p>Appropriateness refers to the quality of audit evidence. It means that the audit evidence should be relevant, valid and reliable.</p> <p>Relevance refers to the extent to which the audit evidence has a logical relationship with, and importance to, the audit objective(s) and audit questions being addressed.</p> <p>Validity refers to the extent to which the audit evidence is a meaningful or reasonable basis for measuring what is being evaluated. In other words, validity refers to the extent to which the audit evidence represents what it is purported to represent. Reliability refers to the extent to which the audit evidence is supported by corroborating data from a range of sources, or produces the same audit findings when tested repeatedly.</p> <p>Each type of evidence has its own strengths and weaknesses. The following contrasts are useful in assessing the appropriateness of evidence:</p> <p>a) Documentary evidence is more reliable than oral evidence, but the reliability varies depending on the source and purpose of the document.</p> <p>b) Testimonial evidence that is corroborated in writing is more reliable than oral evidence alone.</p> <p>c) Evidence based on many interviews together is more reliable than evidence based on a single or a few interviews.</p> <p>d) Testimonial evidence obtained under conditions in which people may speak freely is more reliable than evidence obtained under circumstances in which people may feel intimidated.</p> <p>e) Evidence obtained from a knowledgeable, credible, and unbiased third party is more reliable than evidence obtained from the management of the audited entity or others who have a direct interest in the audited entity.</p>	<ul style="list-style-type: none"> <li>• Check whether the SAI has a policy that requires sufficient and appropriate evidence as basis for audit conclusions.</li> <li>• Examine if there is specific process/system/guidance/template in place to ensure that auditors gather sufficient and appropriate evidence for the purpose of drawing audit conclusions.</li> <li>• Examine in the sample of audit files selected, if the auditors have gathered sufficient and appropriate evidence for the purpose of drawing audit conclusions.</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
		<p>f) Evidence obtained when internal control is effective is more reliable than evidence obtained when internal control is weak or non-existent.</p> <p>g) Evidence obtained through the auditor’s direct observation, computation, and inspection is more reliable than evidence obtained indirectly.</p> <p>h) Original documents are more reliable than copied documents.</p> <p>The following presumptions are useful in assessing the sufficiency of evidence:</p> <p>a) The greater the audit risk, the greater the quantity and quality of evidence required.</p> <p>b) Stronger evidence may allow less evidence to be used.</p> <p>c) Having a large volume of audit evidence does not compensate for a lack of relevance, validity, or reliability.</p> <p>d) More evidence is normally necessary when the audited entity has another opinion on the subject matter.</p>	
33	<p><b>ISSAI 3000/112</b></p> <p>The auditor shall analyse the collected information and ensure that the audit findings are put in perspectives and respond to the audit objective(s) and audit questions; reformulating the audit objective(s) and audit questions as needed.</p>	<p>The analytical process in performance auditing involves continuous consideration by the auditor of the audit questions, audit evidenced gathered, and methods employed. The whole process is closely linked to that of drafting the audit report, which can be seen as an essential part of the analytical process culminating in answers to the audit questions.</p> <p>When analysing collected information, it is recommended to focus on the audit question and audit objective(s). This will help to organize data and also provide the focus for analysis. Because the analytical process is iterative, the auditor may need to revisit the audit objective(s) in the light of the insights obtained during the audit and revise it in accordance with the necessary internal procedures.</p> <p>Based on the audit findings, the auditor will reach a conclusion. Formulating conclusions may also require a significant measure of the auditor’s professional judgement and interpretation in order to answer the audit questions. This would also depend upon the sensitivity and materiality of the audit issue under consideration. It is necessary to consider the context and all relevant arguments, pros and cons, and different perspectives before conclusions can be drawn. The need for precision is to be weighed against what is reasonable, economical and relevant to the purpose. The involvement of senior management is recommended.</p>	<ul style="list-style-type: none"> <li>• Check if the implementation mechanisms of the SAI performance audit guidelines and processes outline the systems/processes/guidance tools/templates to ensure auditors analyse the collected information with focus on audit objective(s) and questions.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether: <ol style="list-style-type: none"> <li>1) the analysis and its conclusion is documented.</li> <li>2) the process took by the auditor to reach the conclusion and related it with the audit objective(s) is documented.</li> <li>3) there are records showing discussion of preliminary findings and conclusions, both internally with senior auditors and experienced colleagues and externally with senior managers, stakeholders and experts.</li> </ol> </li> <li>• Interview the audit team, supervisor, top manager and person responsible for quality assurance to obtain information about the</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
			analytical process during the conducting of the audit that led to audit conclusions and recommendations.

#### D. Requirements related to performance auditing reporting stage

No.	ISSAI 3000 Requirements	Explanation	Guidance
34	<p><b>ISSAI 3000/116</b></p> <p>The auditor shall provide audit reports, which are a) comprehensive, b) convincing, c) timely, d) reader friendly, and e) balanced.</p>	<p>To be comprehensive, an audit report needs to include all the information and arguments needed to address the audit objective(s) and audit questions, while being sufficiently detailed to provide an understanding of the subject matter and the audit findings and conclusions. Due to the diverse topics possible in a performance audit, the content and structure of the audit report will vary. Typically, for reasons of transparency and accountability, the minimum content of a performance audit report includes the:</p> <p>a) subject matter,  b) audit objective(s) and/or audit questions,  c) audit criteria and its sources,  d) audit-specific methods of data gathering and analysis applied,  e) time period covered,  f) sources of data,  g) limitations to the data used,  h) audit findings,  i) conclusions and recommendations, if any.</p> <p>To be convincing, an audit report needs to be logically structured and present a clear relationship between the audit objective(s) and/or audit questions, audit criteria, audit findings, conclusions and recommendations. It also needs to present the audit findings persuasively, address all relevant arguments to the discussion, and be accurate. Accuracy requires that the audit evidence presented and all the audit findings and conclusions are correctly portrayed. Accuracy assures readers that what is reported is credible and reliable.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes state the need for audit reports to present the characteristics described before.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors write audit reports in such manner and if the material describes how to fulfil the requirement.</li> <li>• In the selected sample of audits, check whether the reports can be considered a) comprehensive, b) convincing, c) timely, d) reader friendly, and e) balanced, considering the explanation given for each attribute.</li> <li>• Interview the audit team and supervisor to get information about the discussions and the process done by the team to write the audit report.</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
		<p>Being timely requires that an audit report needs to be issued on time in order to make the information available for use by management, government, the legislature and other interested parties.</p> <p>To be reader friendly, the auditor needs to use simple language in the audit report to the extent permitted by the subject matter. Other qualities of a reader-friendly audit report include the use of clear and unambiguous language, illustrations and conciseness to ensure that the audit report is no longer than needed, which improves clarity and helps to better convey the message.</p> <p>Being balanced means that the audit report needs to be impartial in content and tone. All audit evidence needs to be presented in an unbiased manner. The auditor needs to be aware of the risk of exaggeration and overemphasis of deficient performance. The auditor needs to explain causes and the consequences of the problems in the audit report because it will allow the reader to better understand the significance of the problem. This will in turn encourage corrective action and lead to improvements by the audited entity.</p>	
35	<p><a href="#">ISSAI 3000/122</a></p> <p>The auditor shall identify the audit criteria and their sources in the audit report.</p>	<p>Audit criteria and their sources must be identified in the audit report because the intended users' confidence in the audit findings and conclusions depends largely on the audit criteria. Diverse sources can be used to identify criteria, including performance measurement frameworks. It should be transparent which sources were used, and the criteria should be relevant and understandable for users as well as complete, reliable and objective in the context of the subject matter and audit objectives.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of identifying the audit criteria and their sources in the audit report.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors identify the audit criteria and their sources in the audit report.</li> <li>• In the selected sample of audits, check whether the reports identify the audit criteria and their sources.</li> </ul>
36	<p><a href="#">ISSAI 3000/124</a></p> <p>The auditor shall ensure that the audit findings clearly conclude against the audit objective(s) and/or questions, or explain why this was not possible.</p>	<p>The audit findings have to be put into perspective, and congruence has to be ensured between the audit objective(s), audit questions, audit findings and conclusions. Conclusions are the statements deduced by the auditor from the audit findings. If it is not possible to arrive at conclusions for a particular question, the reasons for the same must be explained.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes state the need for congruence between the audit objective(s), audit questions, audit findings and conclusions.</li> <li>• Check if the implementation mechanisms outline the systems/processes/ guidance tools/ templates to help auditors attain that congruence.</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
			<ul style="list-style-type: none"> <li>• In the selected sample of audits, check whether reports show congruence between the audit objective(s), audit questions, audit findings and conclusions. If it is not possible to arrive at conclusions for a particular question, check if the reason for that is explained.</li> </ul>
37	<p><a href="#">ISSAI 3000/126</a></p> <p>The auditor shall provide constructive recommendations that are likely to contribute significantly to addressing the weaknesses or problems identified by the audit, whenever relevant and allowed by the SAI's mandate.</p>	<p>Recommendations, where provided, aim to promote improvements by lowering costs and simplifying administration, enhancing the quality and volume of services, or improving effectiveness, impact or the benefits to society. The auditor may recommend actions to correct deficiencies and other findings identified during the audit and to improve programmes and operations when the potential for improvement is substantiated by the findings and conclusions reported.</p> <p>In order to be constructive, recommendations will typically:</p> <ul style="list-style-type: none"> <li>a) be directed at resolving the causes of weaknesses or problems identified;</li> <li>b) be practical and add value;</li> <li>c) be well-founded and flow logically from the findings and conclusions;</li> <li>d) be phrased to avoid truisms or simply inverting the audit conclusions;</li> <li>e) be neither too general nor too detailed. Recommendations that are general will typically risk not adding value, while recommendations that are too detailed would restrict the freedom of the audited entity;</li> <li>f) be possible to implement without additional resources;</li> <li>g) clearly state the actions recommended and who is responsible for taking the actions;</li> <li>h) be addressed to the entities with the responsibility and competence for implementing them.</li> </ul>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes state the need for recommendations to be constructive.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors elaborate constructive recommendations, including the examination of the audited entity's comments and review of proposed recommendations by a supervisor.</li> <li>• In the selected sample of audits, check whether reports provide recommendations that can be considered constructive, according to the explanation given.</li> <li>• In the selected sample of audits, if follow-up has done, check whether the recommendations were implemented by the audited entities. If not, check whether there are explanations for that.</li> </ul>
38	<p><a href="#">ISSAI 3000/129</a></p> <p>The auditor shall give the audited entity the opportunity to comment on the audit findings, conclusions and recommendations before the SAI issues its audit report.</p>	<p>Giving the audited entity the opportunity to comment on the audit findings, conclusions and recommendations, before publishing the report, helps to ensure that the factual basis of descriptions in the report is accurate and fair and that the analyses are comprehensive and address the cause of problems identified. It also helps the "buy-in" of the report by the audited entities, leading to an increase of the probability of audit impact.</p> <p>All of these issues need to be communicated to the responsible authorities concerned by the audit.</p> <p>Providing a draft report for review and comment by audited entities helps the auditor develop a report that is fair, complete, and objective. Including the views of audited entities</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes cover the issue of giving the audited entities the opportunity to comment on the audit findings, conclusions and recommendations, before publishing the report.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether: <ul style="list-style-type: none"> <li>1) the draft report was sent to the audited entities for their comments.</li> </ul> </li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
		<p>results in a report that presents not only the auditor’s findings, conclusions, and recommendations, but also the perspectives of the audited entity. This is particularly important in cases where there are differences of opinion on significant facts presented in the report or major disagreements on the appropriate course of action for improvement. It is advisable to obtain the comments in writing.</p> <p>Usually the SAI determines the amount of time given to the audited entity for providing feedback, but care must be taken to ensure that there is sufficient time.</p>	<p>2) adequate time was given to the audited entities to comment on the draft report.</p>
39	<p><a href="#">ISSAI 3000/130</a></p> <p>The auditor shall record the examination of the audited entity’s comments in working papers, including the reasons for making changes to the audit report or for rejecting comments received.</p>	<p>All comments received need to be carefully considered. Where responses provide new information, the auditor needs to assess this and be willing to modify the draft report. All disagreements must be analysed in order for the final report to be balanced and fair.</p> <p>When the audited entities’ comments are insufficient to address the findings, inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, the auditor is advised to evaluate the validity of the comments. If the auditor disagrees with significant comments, it is good practice to explain the reasons for disagreement in a working paper. Conversely, the auditor is advised to modify the report as necessary if the comments are considered valid and supported with sufficient and appropriate evidence.</p> <p>The responses need to be documented. It will be helpful to record the examination of the feedback received in a working paper so that any changes to the draft audit report, or reasons for not making changes, are documented.</p> <p>At the end of the process it is advisable to keep the audited entities informed about the procedures and timetable for the publication of the final report.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes state the need for auditors to record the examination of the audited entities’ comments in working papers.</li> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether new information provided by the audited entities has been duly examined and reasons its inclusion/non-inclusion in the final audit report are available.</li> </ul>
40	<p><a href="#">ISSAI 3000/133</a></p> <p>The SAI shall make its audit reports widely accessible taking into consideration regulations on confidential information.</p>	<p>It is recommended that SAIs decide on the method of distribution of reports on the basis of their respective mandates. Each performance audit will normally be published in a separate report, either in print or online, or both. It is important to distribute the report to the legislature and the responsible parties. It is common practice to make reports accessible to the public and to other interested stakeholders directly and through the media, unless prohibited by legislation or regulations. It is an advantage if the reports are available for public discussion and criticism.</p> <p>If certain pertinent information is prohibited from public disclosure or is excluded from a report due to the confidential or sensitive nature of the information, the auditor should</p>	<ul style="list-style-type: none"> <li>• Check if the SAI performance audit guidelines and processes state the need to make its audit reports widely accessible taking into consideration regulations on confidential information.</li> <li>• Check if the implementation mechanisms outline the systems/processes/guidance tools/templates to help auditors: <ul style="list-style-type: none"> <li>1) identify who are the intended users of the audit report and the best form to suit their needs.</li> <li>2) define other means to increase the influence of the audits.</li> </ul> </li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
		<p>disclose in the report that certain information has been omitted and give the reasons for that omission. Certain information may be classified or may be otherwise prohibited from general disclosure by legislation or regulations. In such circumstances, the auditor may issue a separate, classified or limited-use report containing such information and distribute the report only to those authorized by legislation or regulation to receive it.</p> <p>The auditor is advised to use a form of the audit report that is appropriate for the intended users, in writing or in some other retrievable form. For example, the auditor may present audit reports using electronic media that are accessible by all intended users. It is also good practice to publish a summary of the report on the SAI's website.</p> <p>The users' needs will influence the form of the products, which may include summaries, press releases or other presentation materials. Each product needs to be written in a style tailored to its specific audience in order to have the maximum impact. Preparing a communication plan can provide a structured approach to thinking about how to reach different audiences effectively and provide timely input to the decision making process.</p> <p>In addition to written material, the SAI may use a range of means to increase the influence of the audits. For example, workshops with the audited entity to help stimulate and embed beneficial change; conferences to reach practitioners and promote discussion on important issues.</p>	<p>3) identify instances of classified information and determine the extent and form of its disclosure.</p> <ul style="list-style-type: none"> <li>• Examine the documentation (electronic and/or paper form) in the selected sample of audit files, and check whether the auditor has: <ol style="list-style-type: none"> <li>1) elaborated different forms of the audit report according to the needs of the intended users.</li> <li>2) used other means to increase the influence of the audit.</li> <li>3) taken the necessary measures if classified information was obtained during the audit.</li> </ol> </li> </ul>



## E. Requirements related to follow-up

No.	ISSAI 3000 Requirements	Explanation	Guidance
41	<p><b>ISSAI 3000/136</b></p> <p>The auditor shall follow up, as appropriate, on previous audit findings and recommendations and the SAI shall report to the legislature, if possible, on the conclusions and impacts of all relevant corrective actions.</p>	<p>Follow-up refers to the auditor’s examination of the corrective actions taken by the audited entity, or other responsible party, based on the results of a performance audit. It is an independent activity that increases the value of the audit process by strengthening the impact of the audit and laying the basis for improvements to future audit work. It also encourages the audited entity, and other intended users of audit reports, to take the audit report and audit findings seriously, and provides the auditor with useful lessons and performance indicators. Follow-up is important for the internal learning and development of the audited entity as well as of the SAI itself.</p> <p>Different methods may be used to follow-up on the findings and recommendations made:</p> <ol style="list-style-type: none"> <li>a) Arrange a meeting with the responsible parties after a certain time has elapsed to find out what actions have been taken to improve performance and to check which recommendations have been implemented.</li> <li>b) Request the responsible parties to inform the SAI in writing about the actions they have taken to address the problems presented in the audit report.</li> <li>c) Use phone calls or limited field visits to collect information on the actions taken by the audited entity.</li> <li>d) Keep up to date on reactions from responsible parties, the legislature and the media, and analyse whether problems identified have been appropriately addressed or not.</li> <li>e) Request financial and compliance audits to collect information about actions taken as part of their audit procedures.</li> <li>f) Carry out a follow-up audit, resulting in a new performance audit report.</li> </ol> <p>The SAI needs to report on the results of its follow-up actions appropriately in order to provide feedback to the legislature, executive, stakeholders and the public. Reliable information on the implementation status of recommendations, the impact of audits and the relevant corrective actions taken, can help demonstrate the value and benefits of the SAI.</p>	<ul style="list-style-type: none"> <li>• Check if the SAI has a policy on conducting follow-up of performance audit reports.</li> <li>• Check if the implementation mechanisms of the SAI performance audit guidelines and processes outline the systems/processes/guidance tools/templates to help auditors select methods that may be used to follow-up on the findings and recommendations made.</li> <li>• In a selected sample of follow-up of audit reports, check whether it is possible to:             <ol style="list-style-type: none"> <li>1) identify the extent to which audited entities have implemented changes in response to audit findings and recommendations.</li> <li>2) determine the impacts which can be attributed to the audits.</li> <li>3) identify areas that would be useful to follow up in future work.</li> <li>4) evaluate the SAI’s performance.</li> </ol> </li> <li>• In the same sample, check whether a follow-up report was issued to the legislature. If so, check whether the report includes the conclusions and impacts of all relevant corrective actions taken by the audited entity.</li> </ul>

No.	ISSAI 3000 Requirements	Explanation	Guidance
42	<p><a href="#">ISSAI 3000/139</a></p> <p>The auditor shall focus the follow-up on whether the audited entity has adequately addressed the problems and remedied the underlying situation after a reasonable period.</p>	<p>Follow-up is typically done periodically as deemed appropriate by the SAI. The priority of follow-up task are usually assessed as part of the overall the SAI's audit strategy. Sufficient time needs to be allowed for the audited entity to implement appropriate action.</p> <p>When conducting follow-up of audit reports, the aim is to determine whether actions were taken to solve the situation found during the audit.</p> <p>The impact of the audit may be identified through the effect of corrective action taken by the responsible parties, or through the influence of the audit findings and conclusions over governance, accountability, the understanding of the problem addressed or the approach towards it.</p> <p>When conducting follow-up of an audit report, the auditor needs to concentrate on findings and recommendations that are still relevant at the time of the follow-up. Insufficient or unsatisfactory action by the audited entity may call for a further audit by the SAI.</p>	<ul style="list-style-type: none"> <li>• Check if the implementation mechanisms of the SAI performance audit guidelines and processes outline the systems/processes/guidance tools/templates to help auditors focus the follow-up on whether the audited entity has adequately addressed the problems and remedied the situation found during the audit, after a reasonable period.</li> <li>• In a selected sample of follow-up of audit reports, check whether focus was like mentioned above.</li> </ul>

## 7. Writing the PA iCAT report

### The iCAT Report

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The end product of the iCAT process is the report. The report includes the information gathered in the completed iCAT tool and the analysis of the information.

The report provides an overall picture of the SAI's existing performance audit practices compared to the requirements of ISSAI 3000. It also identifies the areas where implementation efforts are needed to make the SAI's performance audit ISSAI compliant.

The team presents the iCAT report to the SAI management to inform about the performance audit practices which are consistent with ISSAI 3000 and where the SAI needs to take necessary actions for implementation. The report provides recommendations for SAI management to decide on the appropriate ISSAI implementation strategy. The SAI management can link the development of this strategy with its overall strategic planning process based on the output of the ISSAI implementation needs assessment process, as explained in section two.

### Considerations for writing the iCAT report

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#### Highlight the key messages

Important messages from the iCAT process should be highlighted in the executive summary. SAI management can have a good overview of SAI's audit practice and the issues that need to be addressed to ensure full ISSAI compliance. The report needs to state what is in place, the gaps in the methodology and practice, and the reasons for the gap. The SAI Management can then decide on what could be done to move the SAI's audit practices towards full ISSAI compliance.

#### Involve the entire team in developing the report

At the end of the process, the team would have gathered sufficient information about different requirements. As the issues identified during the iCAT exercise are probably interrelated, if the iCAT team was divided to gather information, it would be beneficial for the team to work together to prepare the report.

#### Distinguish between institutional issues and audit level issues

When the iCAT team reports on the status of the SAI audit practices, it should distinguish between gaps related to the institutional level and gaps related to the audit level. For example, if the SAI definition of performance audit is not in accordance with ISSAIs or if the SAI audit manual does not cover an element of a requirement, it can affect the audit practice. Fixing the manual should be addressed at the institutional level. However, there could be cases where the audit manual covers all aspects of the requirement. Still, the auditor failed to apply that in the audit. For example, it could be due to the lack of competence or lack of understanding of the standards. The SAI may address this by providing training to the audit teams.

#### Consider the report attributes

We recommend writing a comprehensive, convincing, timely, reader-friendly and balanced iCAT report.

A comprehensive report includes all the information and arguments needed to address the issues presented. At the same time, it is sufficiently detailed to provide an understanding of the current status regarding audit practices and audit methodology, compared with ISSAI requirements.

A convincing report is logically structured and presents the situations persuasively, objectively and accurately.

A timely report is issued on time to make the information available for use by management, such as an input for the ISSAI implementation strategy or as part of the ISSAI implementation needs assessment.

A reader-friendly report uses simple, clear and unambiguous language.

A balanced report includes both audit practices that are already ISSAI compliant and areas where implementation efforts are needed, and it is impartial in content and tone.

## iCAT report structure

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We recommend including the following components in the iCAT report.

### Key messages

The main messages for addressing ISSAI implementation needs of the SAI could be highlighted in the key messages. We recommend keeping this very brief and focused. This section should be targeted at SAI top management.

### iCAT methodology and quality assurance arrangements

A brief explanation of the methodology used, the people involved, the period considered, and the arrangements made to ensure the quality of the iCAT.

### Key conclusions and recommendations for implementing performance audit ISSAIs.

The iCAT team can write key conclusions and recommendations for each stage of the performance audit process (planning, conducting, reporting, follow-up) or the team can write recommendations thematically. There may be conclusions and recommendations that cut across different stages of the audit.

In writing conclusions, the iCAT team will reflect on what is in place and what needs further work for full compliance with applicable performance audit ISSAIs. The conclusion needs to be balanced, presenting what is already in place when it comes to complying with the requirements and what needs to be done to reach full ISSAI compliance.

In using the information gathered through the iCAT tool, the iCAT team will summarise and analyse the data gathered and draw connections to arrive at balanced conclusions and doable recommendations. For example, the team may find that for several requirements audit supervision was not adequate, and for that, the team can consolidate and summarise these under a common heading of 'Audit supervision'.

In conducting an iCAT, we are not looking for an overall conclusion. We are looking to identify specific needs for ISSAI implementation so that the SAI can build a strategy for moving towards full compliance with performance audit ISSAIs. For example, in the planning phase, the SAI may be strong on the selection of audit topics but may not be strong in the documentation of the overall planning process.

We recommend writing practical recommendations based on the findings of the earlier steps of ISSAI implementation needs assessment (IINA) and from the causes of the situations found in the iCAT. The recommendations need to be specific and feasible and need to consider the local context of the SAI and the stakeholders' expectations. Recommendations may cover, among others, the areas of SAI staff professionalisation, enhanced audit methodologies, methodology implementation mechanisms, SAI policy, and the quality management systems.

We recommend including information about the iCAT team and period of iCAT exercise as an annexe to the report. For example, the format below could be used.

Period of iCAT	[Data of beginning and date of completion]
iCAT team	
Team leader	[Name]
Team member 1	[Name]
Team member 2	[Name]
...	...
Team member n	[Name]

The iCAT team could also include information about the sample selected as an annexe. Please see an example of a format below.

	Audit sample 1	Audit sample 2	Audit sample 3, 4..
Title of audit			
Audit team	Audit supervisor Team leader Team members		

The iCAT report is an important part of the needs assessment process. Together with the mapping of SAI current audit practices, it will provide valuable inputs to the SAI in formulating its ISSAI implementation strategy. We recommend that the strategy includes timeline and people responsible for the activities.