



Chapter 2

What are the key principles of quality performance audits?

This chapter will discuss the eight principles that are necessary for conducting a quality performance audit. According to ISSAI 100/36-43, these principles are :

- quality control;
- independence and ethics;
- professional judgement and scepticism;
- audit team competence;
- materiality;
- audit documentation and audit supervision;
- audit risk and assurance; and
- communication with audited entities, external stakeholders, media and the public.

Given the focus and nature of performance auditing, these principles are critically important to SAIs and you as an auditor. Without these principles, SAIs and auditors will not be well-positioned to effectively execute performance audits and thus achieve improvements in **economy**, **efficiency** and **effectiveness** (the 3Es). It is important that your SAI has policies and procedures in place that explain the requirements related to each of these principles. It is your responsibility to follow them. This chapter touches briefly on SAI-level policies that need to be in place to implement these concepts' principles. Still, it is mostly focused on how you, the auditor, can ensure you are taking the appropriate steps to follow them.

The chapter also has a section on IDI's considerations to mainstream inclusiveness and maximise the impact of performance audits.

What is quality control?



The Standard

SAIs should establish and maintain appropriate procedures for ethics and quality control.

Source: ISSAI 100/35

An SAI's quality control policies and procedures should comply with professional standards, the aim being to ensure that audits are conducted at a consistently high level. Auditors should perform the audit following professional standards on quality control. (ISSAI 100 and ISSAI 140)

SAIs should be consistently focused on delivering high-**quality** audits and other work. The quality of work performed by SAIs affect their reputation and credibility, and ultimately their ability to fulfil their mandate (ISSAI 140).

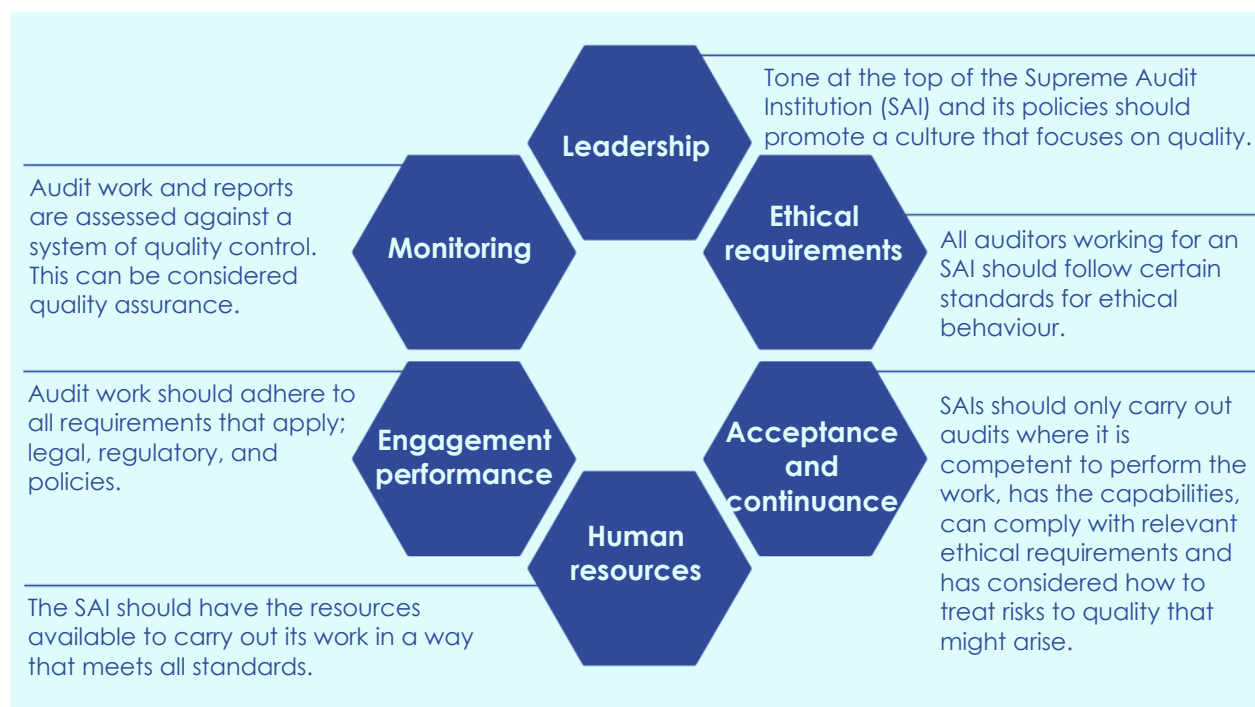
Quality control is a system of policies and procedures put in place by an SAI to ensure that the audit reports are appropriate, balanced, fair, add value, and are following ISSAIs. Quality control should be present in all phases of the audit process: planning, execution, reporting, and follow-up. Such policies and procedures should be set by the head of the SAI, who retains overall responsibility for the system of quality control (ISSAI 140).

Quality assurance refers to establishing a monitoring process designed to provide the SAI with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively in practice (ISSAI 140/6). The purpose of quality assurance is to conduct the review to ascertain if the audit was conducted following ISSAIs.

Reviews, procedures and checks taking place before the report is issued are part of the SAIs quality control system, to ensure that the reports are of high quality. These reviews can be done by managers or external reviewers. Quality assurance, on the other hand, involves checking if the appropriate quality control systems have been put in place and if they are appropriately implemented. It is not done by line managers and includes reviewing already published reports. (AFROSAI-E PA Handbook, 2016)

The six key elements of quality control are shown in **Figure 4**. Additionally, Appendix 1 provides an example of an SAI quality assurance framework.

Figure 1: Key elements of quality control for performance auditing



Source: ISSAI 140

For a system of quality control to be effective, it needs to be part of an SAI's strategy, culture, policies and procedures. In this way, quality is built into the performance of the SAI's work and the production of the SAI's reports, rather than being an additional process once a report is produced (ISSAI 140). Quality control procedures should cover matters such as the direction, review and supervision of the audit process and the need for consultation to reach decisions on difficult or contentious matters. (ISSAI 100/38)

It is not enough that an SAI puts policies and procedures in place; the functioning of the quality control system needs to be monitored through a regular assessment of audit work and reports. This is important to determine whether the system is suitably designed and operating effectively and if policies and procedures are being followed. This monitoring can be conducted through both internal and external reviews. Monitoring, such as periodic peer reviews or other types of review activities, helps SAIs assure that the work performed and the resulting reports meet standards and are of high quality.

Your SAI needs policies and procedures that codify the actions and behaviours expected of you according to each element of a quality control framework. The SAI should ensure these are clearly communicated to all auditors.

What are independence and ethics?

Adhering to **independence** and **ethical** requirements is a prerequisite to conducting performance audits and is emphasised in the INTOSAI Framework of Professional Pronouncements (IFPP). The following sections present important concepts regarding independence and ethics.

Independence



INTOSAI's ISSAI 130:

Code of Ethics provides a detailed discussion of independence and ethics. The code provides SAs and the staff working for them with a set of values and principles on which to base behaviour. Furthermore, the code, recognising the specific environment of public-sector auditing (often different from that of private sector auditing), gives additional guidance on how to embed those values in an SAI's processes and audit work.

Independence means being free from circumstances or influences that compromise, or maybe seen as compromising, professional judgement, and acting in an impartial and unbiased manner.

It is important that your SAI and you, the auditor, understand what potential threats exist that could affect independence and undermine the effectiveness of an audit. There are six major threats to independence during a performance audit, as shown in **Figure 5**.

Source: IDI/PAS Development Team

Figure 2: Six major threats to independence during a performance audit

Self-interest	The threat that a financial or other personal interest will inappropriately influence an auditor's judgement or behaviour.
Bias or advocacy	The threat that an auditor will, as a result of political, ideological, social or other convictions, take a position that is not objective.
Familiarity	The threat that personal relationships with family, friends, etc. in the audited agency will cause the auditor to take a position that is not objective.
Intimidation or undue influence	The threat that external influences or pressures will impact an auditor's ability to make independent and objective judgements.
Self-review	The threat that an auditor or audit organisation that has provided services to the audited agency will use that experience to affect its conclusions.
Management participation	The threat that results from an auditor crossing the line from being an external auditor to being a part of the internal management structure of the audited agency.

Source: GUID 3910/14

SAIs and audit teams should apply control mechanisms that eliminate or reduce a threat to independence to an acceptable level, such as those listed in the box below.

SAIs should also ensure their personnel do not develop too close of a relationship with the entities they audit, so they can remain objective. SAIs, while adhering to the laws enacted by the legislature that apply to them, should also be free from direction or interference from their legislature or government in the:

- selection of audit topics, if applicable, as some SAIs must perform audits of certain topics based on their mandate. Regardless, it is important that the SAI and auditor maintain independence in conducting audits;
- planning, programming, conducting, reporting and following-up of their audit;
- organisation and management of their office; and
- enforcement of their decisions where the application of sanctions is part of their mandate.

As an auditor, it is important to remain independent so that your report will be impartial and be seen as such by the intended users. Your ability to maintain independence is important in the context of a performance audit, as many decisions must be made based on your professional judgement and audit evidence.

Common decisions made by the auditor (which are discussed in later chapters) in which a lack of independence could negatively affect a performance audit include:

- identifying and deciding on an audit topic;
- establishing the audit objective(s) and questions;
- identifying the applicable criteria;
- determining the methodological approach to the audit;
- assessing audit evidence and forming conclusions;
- deciding on audit criteria and findings, after independently assessing them and discussing them with the entity or entities that are the focus of the audit;
- assessing the positions of various stakeholders; and
- writing a fair and balanced report.



Auditors can maintain independence by:

- avoiding participating in audits in which the auditor has a financial or personal interest;
- not accepting gifts, bribes or other payments that would create the appearance of bias or advocacy;
- recusing themselves of audits in which family or friends have invested interests in the outcome of the audit;
- avoiding involvement in external activities that could be seen as having an undue influence on an audit's outcomes; and
- avoiding becoming too close to the audited entity and its management, resulting in bias or advocacy.

Source: IDI/PAS Development Team

What are some control mechanisms that can safeguard against threats to independence?

- ✓ Involve another person to review the work done or advise as necessary without compromising the auditor's independence.
- ✓ Consult a third party, such as a committee of independent directors, a professional regulatory body, or a professional colleague.
- ✓ Rotate personnel to performance audits of different entities after a few years to counter the familiarity threat.
- ✓ Ensure that all individuals working on an audit confirm their independence before commencing work on the audit and consider their independence throughout the audit.
- ✓ Remove a person from the audit team when that person's financial interests, relationships, or activities threaten independence.

Source: GUID 3910/19

Ethics

Ethics are the moral principles of an individual that include integrity, professional competence and due care, professional behaviour and confidentiality, as defined below:

- **Integrity:** To act honestly, reliably, in good faith and the public interest.
- **Professional competence:** To acquire and maintain knowledge and skills appropriate for the role and act in accordance with applicable standards and with due care.
- **Professional behaviour:** To comply with applicable laws, regulations and conventions, and avoid any conduct that may discredit your SAI.
- **Confidentiality and transparency:** To appropriately protect information, balancing this with the need for transparency and accountability.



It is important that an auditor remains free of conflicts of interests, both real and perceived, and maintains independence of mind and independence in appearance.

Accordingly, an auditor must avoid both conflicts and the appearance of a conflict or any other situation where an objective, knowledgeable third party might have reason to question whether the auditor can make objective and impartial judgements.

Source: IDI/PAS Development Team

Each of these principles is discussed in more detail below. INTOSAI's *ISSAI 130: Code of Ethics* provides in-depth guidance for both the SAI and the auditor regarding each of these principles.

SAIs should have policies and procedures that address ethical requirements and emphasise the need for compliance by each auditor. Ethical requirements of the SAI has to include requirements set down in legal and regulatory frameworks that govern the SAI. SAIs need to consider: written declarations from personnel to confirm compliance with the SAI's ethical requirements; and to put procedures in place for personnel to report breaches of ethical requirements.

Integrity

SAIs should have policies and procedures in place that:

- emphasise, demonstrate, support and promote integrity;
- ensure the internal environment is conducive for staff to raise ethical breaches; and
- ensure responses to integrity breaches are taken in a timely and adequate manner.

You, the auditor, need to act honestly. You also need to be alert to circumstances that might expose you to integrity vulnerabilities and avoid disclosing them as appropriate. These circumstances may involve:

- personal, financial or other interests or relationships that conflict with the SAI's interests;
- the offer of gifts or gratuities from the audited entities;
- the opportunity to abuse power for personal gains;
- involvement in political activities, or participation in pressure groups, lobbying, etc.;

- access to sensitive and confidential information; and
- the use of SAI resources for personal or other purposes.

Professional competence

SAIs need to adopt policies and procedures to ensure performance audits and related tasks are conducted by staff with the appropriate knowledge, skills and abilities to successfully conduct their work. Such policies and procedures can include:

- putting in place competence-based recruitment and human resources practices;
- assigning work teams that collectively possess the expertise required for each assignment;
- providing staff with appropriate training, support and supervision;
- providing tools to enhance knowledge and information sharing, and encourage staff to use these tools; and
- addressing challenges arising from changes in the public sector environment.

In assessing and maintaining professional competence requirements, you, as an auditor, can:

- understand your role and tasks to be performed;
- know the applicable technical, professional and ethical standards to be followed;
- work competently in a variety of contexts and situations, depending on the requirements of the job or task; and
- acquire new knowledge, skills and abilities, updating and improving them as needed.



Auditors exhibiting professional competence and behaviour are important to the execution of performance audits. For example, **auditors have to:**

- be objective, neutral, non-partisan, and fact-based;
- use methodologically sound approaches to address audit objectives; and
- be able to effectively apply SAI policies and procedures regarding professional behaviour and norms.

Auditors cannot:

- select sites to visit as part of the audit based on personal reasons;
- post personal opinions on social media about issues relevant to an ongoing performance audit;
- misuse their position to obtain information for personal use; and
- engage in outside activities that would create a conflict of interest on the part of the auditor or SAI.

Source: IDI/PAS Development Team

Professional behaviour

Your SAI should be aware of the standards of **professional behaviour** expected by its internal and external stakeholders, as defined by the laws, regulations and conventions of the society in which they operate, and conduct business accordingly and in line with its mandate. To promote the highest standards of professional behaviour and to identify activities that are

inconsistent with that standard, SAIs have to provide direction on expected behaviour and implement controls to monitor, identify and resolve deviations from it.



SAIs can take the following steps to help ensure transparency:

- Adopt audit standards, processes, and methods that are objective and transparent to the audited entities.
- Make public the results of their work, including their methodology(ies) for conducting the work.
- Communicate timely and widely on their activities and audit results through the media, websites and other means.

It is important that you, the auditor, take steps to ensure your behaviour, both within and outside the working environment, abides by professional norms, such as:

- knowing SAI policies and procedures relating to professional behaviour, such as applicable professional standards, laws, regulations and conventions of the society in which the SAI resides;
- understanding the impact of your actions on the SAI's credibility, and considering how your behaviour, both within and outside the working environment, might be perceived by colleagues, family and friends, auditees, the media and others. For example, work or volunteering you do outside your SAI activities could be seen as a

conflict of interest or impact your impartiality. Some SAIs have a reporting mechanism for reporting outside activities. See Appendix 2 for an example of an SAI form for documenting participation in outside activities;

- being aware that common expectations include acting according to ethical values, adhering to the legal and regulatory frameworks in place, not misusing your position, applying diligence and care in performing your work, and acting appropriately when dealing with others; and
- applying appropriate prudence and care to help ensure your actions or opinions do not compromise or discredit the SAI and its work, for example, when using social media.

Confidentiality and transparency

SAIs should have policies and procedures to ensure that it balances the **confidentiality** of audit-related and other information obtained during a performance audit with the need for **transparency** and accountability. The SAI should also have an adequate system in place for maintaining confidentiality as needed, especially about sensitive data. Further, SAIs should ensure that any parties contracted to carry out work for the SAI are subject to appropriate confidentiality agreements.

As an auditor, it is important to be aware of any related legal obligations and your SAI's policies and procedures concerning confidentiality and transparency. You are also responsible

for protecting the information you collect during the audit and not disclose it to third parties unless they have proper and specific authority or there is a legal or professional right or duty to do so. Examples of controls and safeguards you can apply to help ensure confidentiality and transparency include:

- Use professional judgement to respect the confidentiality of information collected as part of an audit. In particular, keep the confidentiality of information in mind when discussing work-related issues with other SAI employees.
- If you are in doubt about whether suspected breaches of laws or regulations have to be disclosed to appropriate authorities or parties, consider obtaining legal advice from within your SAI to determine the appropriate course of action.
- Do not discuss information related to your audit outside the work environment, including on social media.
- Secure electronic data devices, such as laptops and portable data storage devices, and ensure all audit information, such as audit-related documents and papers, are secured appropriately. You could do this by ensuring that information is stored in locked areas, such as cabinets or offices, and also by controlling access to the office space to ensure the protection of all audit-related information, both electronic and hard-copy documents and papers. For electronic information, steps need to be taken to prevent loss through backing up data and servers, as appropriate.

Mitigating or resolving independence and ethical concerns

SAIs and auditors have responsibilities to mitigate and resolve independence and ethical concerns. SAIs should have an ethics control system to identify, analyse and mitigate ethical risks, support ethical behaviour and address any breach of ethical values, including protecting those who report suspected wrongdoing. An ethics control system's main components could be a code of ethics, leadership and 'tone at the top', ethics guidance, and ethics management and monitoring (for more information on SAI responsibilities, see ISSAI 130).

As an auditor, you need to take concrete action to mitigate or resolve independence and ethical issues, such as by:

- identifying situations where your independence and ethical requirements can be impaired, and understanding the potential impacts of such situations;
- signing declarations of interests and conflict to help identify and mitigate threats to independence and ensure both your own integrity and that of the SAI. See Appendix 3 for an example of an independence statement;
- informing your management about relationships and situations that may present a threat;

- maintaining and developing your knowledge and skills to ensure a full understanding of behavioural norms and expectations, professional competence, and the protection and confidentiality of information related to the audit; and
- informing your supervisor if your expertise is not sufficient to perform a specific task to ensure professional competence and integrity.

You should be aware of your own biases and opinions regarding topics and organisations. Police your behaviour to ensure you are upholding the independence and ethical requirements. Consider any independence and ethical threats at many points throughout the planning and execution of the audit. If you have questions about what might be a threat to ethics and independence, trust your instincts that there may be an issue and review your SAI's policy and raise the issue to your superiors when appropriate. Additionally, be aware of the behaviour of other auditors and colleagues because the reputation of your SAI rests on all of its auditors upholding independence and ethical requirements. Many SAIs have procedures for reporting observed misconduct. If in doubt, check with your supervisor.

What are professional judgement and scepticism?



The Standard

The auditor shall exercise professional judgement and skepticism and consider issues from different perspectives, maintaining an open and objective attitude to various views and arguments.

Source: ISSAI 3000/68

Exercising **professional judgement** and **scepticism** are critical to ensuring an effective performance audit.

Professional judgement is the act of applying knowledge, skills, and experience – in a way that is informed by standards, laws and ethical principles – to develop an opinion or decision on an issue. Professional scepticism means maintaining a professional distance from the entity or entities being audited and an alert and questioning attitude when assessing the sufficiency and appropriateness of audit evidence obtained throughout the audit.

SAIs need to have policies and procedures to guide auditors to consistently apply professional judgement and professional scepticism. For example, using professional judgement is important to auditors in applying the conceptual framework to determine independence in a given situation. As such, SAI policies and procedures need to include guidance for identifying and evaluating any threats to independence, including threats to the appearance of independence and related safeguards that may mitigate the identified threats.

SAIs should also ensure that auditors understand the importance of professional judgement and scepticism and can apply it appropriately within a performance audit. To achieve this end, SAIs could require auditors to participate in periodic training that focuses on, for example:

- the types of evidence – documentary, testimonial, physical and analytical – and their strengths and weaknesses;
- the standards – appropriateness and sufficiency – used in assessing evidence; and
- the importance of corroborating evidence to ensure the conclusions reached by auditors are reasonable and logical.

You, as an auditor, should exercise professional judgement and scepticism, consider issues from different perspectives, and maintain an open and objective attitude toward various views and arguments. This open-mindedness is essential if you are presented with contradictory information that needs to be assessed and considered in conjunction with other evidence collected during an audit. Exercising professional judgement and scepticism allows you to be receptive to a variety of views and arguments and be better positioned to consider different perspectives.

Performance audits require significant judgement, interpretation and scepticism because evidence associated with performance audits is typically persuasive rather than conclusive, requiring constant reassessment. Professional judgement and scepticism are key for you to effectively and critically assess the audit evidence obtained during an audit. Rather than approaching audit work in a ‘tick the box’ mentality, you must challenge the information and evidence obtained. You need to step back, look at the wider context and ask, “does that make sense?”.

Some examples of how you can apply professional judgement during performance audits include:

- determining the required level of understanding of the subject matter;
- determining the nature, timing and extent of audit procedures and methodology;
- determining which findings are significant enough to report;
- evaluating whether sufficient and appropriate audit evidence has been obtained; and
- determining the recommendations to be made, as appropriate, to address root causes of the problems identified.



Auditors need to use their professional judgement and scepticism throughout a performance audit, including in:

- developing audit questions that are objective and neutral;
- selecting appropriate scope and methodologies;
- conducting interviews with officials;
- assessing the evidence collected during the audit; and
- developing a message for the written report that is balanced.

Source: IDI/PAS Development Team

- ✓ Question responses to inquiries and other information obtained from the audited entity.
- ✓ Corroborate testimonial or evidence from a single source with secondary sources of evidence.
- ✓ Revise your risk assessment as a result of identified material or significant inconsistent information (discussed later).
- ✓ Evaluate the reliability of data to be used during the audit.
- ✓ Assess the reliability of the source of the documents obtained.
- ✓ Be alert to audit evidence that contradicts other audit evidence obtained.

Source: GUID 3910/88-89

As an auditor, you can help to improve the strength of the evidence obtained by exercising professional scepticism (by asking questions to test the accuracy of evidence), following up when things do not make sense, and not accepting what the audited entities' management tells you without corroboration. Professional scepticism is critical to ensuring you can answer the audit questions and make conclusions with a high level of assurance.

What is audit team competence?



The Standard

The SAI shall ensure that the audit team collectively has the necessary professional competence to perform the audit.

The auditor shall maintain a high standard of professional behaviour.

Source: ISSAI 3000/63 and ISSAI 3000/75



Effective audit teams include team members that collectively have:

- teamwork and collaboration skills;
- critical thinking skills;
- quantitative and qualitative analytical skills;
- interviewing skills; and
- oral and written communication skills.

Source: IDI/PAS Development Team

Conducting an effective performance audit requires putting in place a team that has all the skills needed for carrying out the necessary tasks required during an audit.

The quality of an audit is dependent on the skills, abilities and knowledge of the audit team. Performance auditing is a team effort. Performance audit issues are often complex, and not all team members need to possess every needed skill. Rather, the audit team has ideally be comprised of team members with a variety of skills, abilities and knowledge to ensure it is positioned to

carry out the audit work.

SAIs should ensure their audit teams collectively have the necessary professional knowledge, skills and abilities before performing the audit. For example, SAIs could recruit staff with the appropriate qualifications to include areas of study and knowledge of needed disciplines. Once hired, SAIs can also require or suggest a specific curriculum of training to ensure their auditors have the necessary skills and abilities. Training can include classroom instruction, individual study and on-the-job training based on individual needs and the SAI's curriculum, among other initiatives. Further, a prescribed amount of continuous learning can be required by an SAI.

It is also important for SAIs to ensure that the experience levels of the auditors, supervisors and managers are appropriate for the audit. For example, if there are some inexperienced auditors on the audit team, it is important to balance them with experienced supervisors and managers. A team lacking the necessary skills, abilities, knowledge and experience may carry out an audit in a less than efficient and effective manner and produce a report that does not appropriately address the audit topics.

Subject matter experts, who are stakeholders either internal to the SAI or contracted by the SAI to assist the audit team, are often used in performance auditing to complement the skill set of the audit team and to improve the quality of the audit. For example, stakeholders internal to an SAI could be legal, methodological or technical experts that are not full-time members of a specific audit team but provide their input and expertise as needed throughout an audit in order to improve the quality of the work. Before consulting with these stakeholders, the SAI and you, the auditor, should ensure the expert has the



Ways for auditors to exhibit professional behaviour during a performance audit:

- Treat audited entity officials as professionals and with respect.
- Respond promptly to inquiries from representatives from the audited entity.
- Be on time for meetings with officials from the audited entity and other stakeholders;.
- Dress professionally and in accordance with SAI policies.
- Abide by SAI policies and procedures in conducting the audit.

Auditors can maintain knowledge of professional behaviour norms and expectations by:

- completing periodic training on audit processes, procedures, and requirements; and
- participating in conferences and seminars to (1) stay abreast of technical and professional standards and (2) expand knowledge in the public policy issue area that the auditor works in.

Source: IDI/PAS Development Team

necessary competence required for the audit and that they are informed about the conditions and ethics surrounding the audit process. This also applies to experts that are not part of the SAI. See below for examples of areas where different types of expertise can be useful for a performance auditing team.

Once the audit team has been assembled, and initial stakeholders identified, it is important that all involved maintain a high standard of professional behaviour. You should comply with all legal, regulatory and professional requirements, and avoid all conduct that might discredit your work. Maintain individual professional skills and competence by keeping abreast of, and complying with, developments in professional standards and pertinent legislation. It is important that all these professional behaviours are maintained throughout the audit process, from topic selection and audit planning through data collection, analysis, reporting and follow-up. These commitments help ensure that a quality audit is conducted.



When an audit is initiated and the audit team is being assembled, SAIs can:

- identify the appropriate areas of expertise within the SAI that are necessary to carry out the audit as well as the roles and responsibilities for the individuals representing these areas of expertise for the audit; and
- assign staff to the audit team that ensures the necessary skills, abilities and knowledge across the members of the audit team to effectively conduct the audit.

Source: IDI/PAS Development Team

In addition to maintaining a high standard of professional behaviour, ISSAI standards state that auditors have to also be willing to innovate throughout the audit process, such as by being willing to suggest or try new methods or ideas. By being creative, flexible and resourceful, you will be in a better position to identify opportunities to develop innovative audit approaches for collecting, interpreting and analysing information.

What types of expertise can be useful for performance auditing team members, project managers or outside experts?

- | | |
|----------------------------------|---|
| ✓ Research design. | ✓ Organisational management. |
| ✓ Scientific evaluation methods. | ✓ Specialised expertise depending on the topic of the audit, such as information technology, cyberspace or engineering. |
| ✓ Legal. | |
| ✓ Social sciences. | |

Source: IDI/PAS Development Team

What is materiality?



The Standard

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.

Source: ISSAI 3000/83

Materiality can be defined as the relative importance (or significance) of a matter within the context in which it is considered (ISSAI 3000/84). It can influence the decisions of users of the report, such as legislatures or executives, to deliver as much added value as possible. In addition to monetary value, materiality includes social and political significance, compliance, transparency, governance and accountability. It is important for the auditor to keep in mind that materiality can vary and can depend on the perspective of the intended users and responsible parties.

The inherent characteristics of an item or group of items may render a matter material by its very nature. A matter may also be material because of the context in which it occurs. Materiality considerations affect decisions concerning the nature, timing and extent of audit procedures and the evaluation of audit results. Considerations may include stakeholder concerns, public interest, regulatory requirements and consequences for society. The selection of audit topics and the audit itself needs to consider the concept of materiality.

Another consideration in determining materiality is inclusiveness. Inclusiveness is the practice or policy of including people who may otherwise be excluded or marginalised, such as those with physical or mental disabilities and members of minority groups. It is essential for governments to ensure social inclusiveness, equal opportunity and equity. Given this, public auditors need to consider inclusiveness as a dimension in the audit. See the end of this chapter for more information on inclusiveness.

The principle of materiality has to be included in SAI policies and procedures guiding all aspects of performance audits. Specifically, materiality needs to be considered in selecting audit topics, identifying and defining criteria for the audit, evaluating audit evidence and documentation, and managing the risks of producing inappropriate or low-impact audit findings or reports.

Ultimately, the auditor's consideration of materiality requires the application of professional judgement. Specifically, it is up to you and your audit team to distinguish the material and immaterial. ISSAI 3000 identifies concepts to be considered in making decisions related to materiality when selecting audit topics, such as:

- indications or risks to economy, efficiency and effectiveness;
- financial significance, socially and politically;
- maximising the expected impact;
- auditability; and
- falling within the SAIs mandate.

As an auditor, keep materiality in mind throughout the audit, such as when designing audit questions and criteria, when collecting and assessing evidence associated with the audit, and formulating audit findings and recommendations that significantly contribute to improved

performance. For example, the entirety of audited entities' operations is more than likely not material to your audit, so you should concentrate your effort on the topic that is material and the focus of the audit. You could spend immeasurable time collecting documents about a topic, but to make the best use of available resources, always consider the materiality of a document or discussion when conducting the work. The next chapters provide more detail about the principle of materiality as it pertains to all phases of the audit process.

What are audit documentation and audit supervision?

This section describes the importance of audit **documentation** and audit **supervision**. While these topics are introduced below, they are discussed in detail throughout this handbook as we discuss the various phases of a performance audit.

Audit documentation



The Standard

The auditor shall document the audit in a sufficiently complete and detailed manner.

Source: ISSAI 3000/86

Audit documentation records audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (terms such as 'working papers' or 'audit trail' are also sometimes used).

What should an experienced auditor be able to understand from audit documentation?

- ✓ The nature, time and extent of the work conducted.
- ✓ The findings of the audit work and the evidence obtained.
- ✓ Significant matters that arose during the audit (for example, changes in the scope or approach of the audit, decisions regarding a new risk factor identified during the audit, actions taken as a result of disagreement between the audited entity and the team, etc.).
- ✓ The conclusions reached as a result of the aforementioned significant matters.
- ✓ Significant or key decisions made in reaching those conclusions.

Source: IDI/PAS Development Team

It is important that SAIs have policies and procedures that define the basic standards of audit documentation required for audits performed by the SAI. These policies and procedures define the standards for the types of files that must be maintained and for how long once the audit is completed. SAIs should provide training to auditors regarding how documentation for

audits will be compiled and maintained. The policies, procedures and training help ensure that audit documentation collected for each audit provides evidence of the auditor's basis for a conclusion about achieving the overall objective(s) of the audit. The policies, procedures and training also aim to help prove evidence that the audit was planned and performed in accordance with SAI's requirements and applicable legal and regulatory requirements.

As an auditor, you should take steps throughout the audit to ensure that proper audit documentation is being collected and maintained according to SAI policy. You also need to ensure that the documentation collected is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand decisions made and how the audit results were obtained. Documentation starts at the very beginning of a performance audit when the audit team is first assembled. You will need to consider documenting the following as you begin your audit:

- How the audit topic was selected.
- Any pre-planning that was conducted.
- How stakeholders were identified.
- Any communication with the audit entities.
- Any initial decisions by the team and management.
- Any risks that were identified.

Documentation will continue to be very important as you move to conduct and report on the audit, and documentation should be completed promptly. You should document:

- the evidence and your team's analysis of that evidence;
- how you arrived at the findings; and
- internal reviews, communication with the audited entities and the considerations for making (or not) changes based on comments received and other key decisions made as you develop a message and draft report.

It is important your audit team begins its audit documentation set at the very beginning of the audit in order that all information collected and decisions made are properly documented. The audit team needs to reach an agreement about the organisation of the audit documentation as well as any processes and approaches that will be used by the audit team to document the audit. For example, many types of documents in an audit are easier to organise and manage when filed electronically in a clear folder structure for the project. To the extent allowed by your SAI policy and procedures, electronic documentation can replace physical copies of documents



There are many types of documents that auditors need to maintain as part of the audit documentation. These documents include, but are not limited to:

- an index for the information included in the file;
- a memo of all key decisions and communications that documents the decisions, performed activities, and internal and external communication during the audit;
- statements of independence for the auditors;
- the audit plan that identifies the scope, methodology and plans to collect the evidence for the audit;
- documentation of meetings with the audited entity, such as the initial meeting to discuss the audit and meetings near the end of the audit during which findings are discussed;
- interview records to document testimonial evidence from officials;
- evidentiary documentation, such as the audited entity's policies and procedures, memos, briefings on the programme, and data;
- records of file reviews, observations or inspections;
- answers to questionnaires;
- records of discussions during focus groups and reference groups;
- records of analyses;
- documentation of key stakeholder and management reviews of drafts reports; and
- the final report cross-referenced to the evidence in the file, either by notes written in a copy of the final report or in a separate document explaining the evidence that was used for the main findings and where this evidence is available in the file.

Source: IDI/PAS Development Team

provided the electronic documentation is sufficiently backed up. Some evidence collected as part of the audit may not be able to be stored electronically but still needs to be saved and stored to ensure the proper documentation of the audit. For example, you may collect physical objects as part of the audit that cannot be stored electronically in a computer-based storage system. These physical objects have to be maintained as part of the audit documentation set. Lastly, follow your SAI's guidance for keeping audit documentation for an adequate period of time.

Your audit team could consider establishing an approach to cross-reference the evidence collected throughout the audit with the team's analysis. Alongside collecting and cross-referencing documentation, you can ensure that proper procedures are used to maintain the confidentiality and safe custody of documentation and working papers.

Below is a sample of a basic electronic file structure for a performance audit. The structure can be adapted based on the needs of the team and SAI policy.

Audit documentation folders

- Administrative documents.
- Background materials.
- Planning materials.
- Evidentiary materials (for example, interview records, documents obtained).
- Analyses of evidence.
- Draft reports.
- Follow-up.

Audit supervision



The Standard

The SAI shall ensure that the work of the audit staff at each level and audit phase is properly supervised during the audit process.

Source: ISSAI 3000/66

Generally, the audit supervisor is responsible for ensuring that all audit policies and procedures are followed throughout the audit process.

Audit supervision involves providing sufficient support, guidance and direction to staff assigned to the audit to ensure the audit objective(s) are addressed, methodologies are applied appropriately, evidence and analysis are sufficiently documented, and the report is of high quality. Supervisors must stay informed about significant problems encountered during the audit and continually review the work performed to ensure a quality audit. An important

part of audit supervision is providing effective on-the-job training to members of the audit team so that all auditors are developing their capacity to carry out audits effectively.

What does audit supervision consist of?

- | | |
|---|---|
| ✓ Ensuring that all team members fully understand audit objective(s) and audit questions. | ✓ Considering the competence and capabilities of individual members of the engagement team. |
| ✓ Ensuring that audit procedures are adequate and properly carried out. | ✓ Addressing and handling significant matters that arise during the engagement. |
| ✓ Ensuring that audit evidence is relevant, reliable, sufficient and documented. | ✓ Supporting the auditor when needed to overcome challenges. |
| ✓ Ensuring international and national auditing standards are followed. | ✓ Providing hands-on support in solving issues that arise. |
| ✓ Tracking progress of the engagement to ensure that budgets, timetables and schedules are met. | ✓ Identifying matters that require more experience to review. |
| | ✓ Reviewing and approving the audit work. |

Source: GUID 3910/82

It is important that SAIs provide guidance, and supervisors have to provide coaching and review during all phases of an audit to ensure that the audit:

- complies with professional standards;
- achieves the intent of the audit's objectives;
- documentation is complete and supports the audit's findings and recommendations; and
- staff members develop their professional competence.

Some SAIs have a central office that reviews the outputs of all audits for compliance with audit standards after supervisory review. The central office review ensures, for example, that the findings, conclusions and recommendations are sufficiently and appropriately supported by evidence and are clearly presented.

The degree to which supervision is needed depends on multiple factors, such as the size of the audit organisation, the experience of the auditors and the significance of the work. For example, an audit involving issues with a high degree of materiality, such as audit topics that require large amounts of governmental funds for operation or issues that are extremely sensitive from a political or societal perspective, is likely to necessitate a greater degree of supervision and oversight within the audit team and the SAI. Regardless of these factors, audit work needs to be reviewed by a senior member(s) of the audit team and SAI management throughout the audit process, especially before the audit report is finalised.

As an auditor, ensure that you adhere to your SAI's requirements regarding supervision. For example, provide audit documentation to your supervisor for their review and input. You also have to be receptive and respond appropriately to any direction, coaching, monitoring and feedback provided by your supervisor, and seek to continuously improve your professional competence and performance.

What are audit risk and assurance?



The Standard

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.

The auditor shall communicate assurance about the outcome of the audit of the subject matter against criteria in a transparent way.

Source: ISSAI 3000/52 and ISSAI 3000/32

SAIs and auditors should actively manage **audit risk**. The management of risk should allow an SAI and audit team to provide **assurance** that the intended users can be confident about the reliability and relevance of the information provided by the audit, and that the results can be used as the basis for making decisions.

There are numerous risks associated with performance auditing, as shown in **Figure 6**. The SAI and its auditors must provide assurance to its users that these risks are appropriately minimised and managed.

Figure 3: Common risks in performance auditing

Incorrect or incomplete conclusions	Auditors reach incorrect or incomplete audit conclusions and make recommendations that are not focused on the necessary or appropriate issues. This can occur as a result of numerous factors, such as an inadequate assessment of the evidence and not following appropriate and necessary audit procedures.
Unbalanced information	Auditors fail to include and evaluate contrary evidence, clearly identify which audit criteria are met, or report on good practices. Achievements of the audited entity are not discussed, and contributing factors to the deficiencies identified are not disclosed. For example, shortfalls are highlighted without explaining the challenges or constraints under which the entity operates, or the audited entity's performance is assessed without reference to acceptable standards.
No or limited added value to the users as a result of the audit	Auditors fail to provide new information or knowledge from the audit. Specifically, the auditors do not add new analytical insights (broader or deeper analysis or new perspectives) or make information accessible to various stakeholders.
Difficulties in obtaining quality information	Auditors do not have access or have limited access to needed information. Additionally, the information may not meet quality standards (that is, the data are not reliable). As the audit findings and conclusions rely greatly on the quality of information and data collected, it is essential to assess the risk of not having access to good-quality information and data when planning and conducting an audit.
Insufficient analysis	Auditors do not conduct sufficient analysis due to the lack of expertise, audit criteria or access to information. If due care is exercised during the planning stage, risks due to a lack of expertise and audit criteria can be mitigated during the audit.
Omission of relevant information or arguments	Auditors do not identify all of the key issues at the planning stage that will be covered during the audit, fail to consider relevant pieces of evidence or fail to counter important arguments in the audit's conclusions.
Presence of fraud, abuse of resources and/or irregular practices	Auditors do not assess whether the risk of fraud is significant within the context of the audit objective(s) and/or fail to communicate fraud and irregularities promptly. If fraud exists, the auditor is encouraged to follow SAI procedures regarding fraud.
Substantial complexity or political sensitivities	Auditors do not appropriately handle highly complex and politically sensitive topics. This could seriously undermine the credibility of the audit report and the SAI.

Source: IDI/PAS Development Team

The concept of audit assurance is inseparable from the concept of audit risk. Performance auditors are not normally expected to provide assurance as an overall opinion, comparable to the opinion on financial audits, on the audited entities' achievement of economy, efficiency and effectiveness (ISSAI 300/21).

The users of an audit report should be confident that the report conclusion is reliable and valid. According to GUID 3910/27, reliable and valid information requires that the conclusions on the subject matter are logically linked to the audit objective(s) and criteria and are supported by sufficient and appropriate evidence. The conclusions must be written in a way that enhances the degree of confidence of the intended users about the evaluation of the underlying subject matter against criteria.

It is important for the auditor to make the links clear between the audit objectives, criteria, and findings based on solid evidence. This is done by being clear on how findings, criteria and conclusions were developed in a balanced and reasonable manner and why the combinations of findings and criteria result in a certain overall conclusion or set of conclusions. If done properly, the intended users can be confident about the validity of the conclusions, and the auditor has then provided assurance (GUID 3910/32). The assurance provided to the intended user has to be communicated transparently.

As an auditor, you need to assess audit risk and take steps to provide assurance. Specifically, you need to:

- (1) identify the risks;
- (2) assess those risks;
- (3) develop and implement strategies to prevent and mitigate the risks; and
- (4) monitor audit risk and mitigation strategies throughout the audit and make adjustments as needed to changing circumstances.

Audit risk and the level of assurance are affected by numerous factors, but particularly important is your audit team's ability to:

- develop a quality audit design that comprises the scope of the audit and the appropriateness of the evidence-gathering procedures;
- sufficiently understand the subject matter to actively manage audit risk and design. The audit teams have to consider the conditions of the subject matter and the level of confidence needed by the intended users of the audit report; and



Audit teams and auditors have to strive to manage audit risk and provide assurance by ensuring:

- the audit is within the SAI's scope of authority, and the scope is defined in an appropriate manner;
- the human capital with the necessary and appropriate skills and knowledge are available within the auditing entity to execute the audits;
- the design of the audit effectively accounts for and manages risks;
- there is access to the records and data needed to perform the audit;
- the records and data are reliable and complete;
- the level of investment to develop a quality product is commensurate with risks; and
- clear responsibility and accountability for all levels are established for managing quality throughout an engagement, including engagement design, staffing, stakeholder involvement, message development and product review.

Source: IDI/PAS Development Team

- effectively exercise the use of professional judgement and professional scepticism in assessing risks, as each audit topic is unique. You have to research and learn carefully about the topic being audited and document your understanding of the subject matter in a way that provides confidence that you have properly understood it.

More details about assessing and mitigating audit risks are provided in Chapters 4 and 5.

What does communication with audited entities, external stakeholders, media and the public involve?



The Standard

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.

The auditor shall take care to ensure that communication with stakeholders does not compromise the independence and impartiality of the SAI.

The SAI shall clearly communicate the standards that were followed to conduct the performance audit.

The auditor shall, as part of planning and/or conducting the audit, discuss the audit criteria with the audited entity.

SAIs adopt audit standards, processes and methods that are objective and transparent, including procedures for obtaining comments on audit findings and recommendations from the audited entity.

Source: ISSAI 3000/55, ISSAI 3000/59, ISSAI 3000/61, ISSAI 3000/49, and INTOSAI-P-20, Principle 3

Your audit team does not work alone in conducting a performance audit. You and your audit team should maintain effective and proper **communication** with the audited entities to obtain the necessary information to conduct your analysis and reach appropriate conclusions. An audit may focus on one audited entity or several entities. Communication with all relevant entities involved is important. In addition to consulting with stakeholders internal to your SAI,

such as lawyers, methodologists and technical experts, it may also be useful to enlist the help of those external to the SAI. For example, SAIs may contract out work to subject matter experts in trade organisations or research firms for assistance with the audit. However, it is important to maintain independence if seeking this type of assistance and not allow the expert to inappropriately influence the audit conclusions. Lastly, a strategy to outreach to the media and the public may need to be considered (especially for high visibility or controversial audits) for those SAIs who interact with the media about their work.

Communicating with audited entities

It is important that the audited entities be kept engaged regarding all relevant matters about the audit. This is important for developing a constructive working relationship and helping to ensure that the audit team can achieve the audit objective(s) and conduct a high-quality audit. Communication can include obtaining information relevant to the audit and providing management and those charged with governance with timely observations about potential findings and conclusions. SAIs may provide general minimum requirements to their auditors regarding communication with audited entities. For example, SAI guidance could direct when auditors have to communicate with audited entities and the type or level of detail to be discussed. Or, for example, SAI policy and procedures may require that recommendations made to an audited agency may not be so prescriptive and detailed that the SAI might be seen as consultants as opposed to independent and impartial auditors.

It is recommended that your audit team communicate with audited entities at regular intervals throughout the audit. Specifically, your team could:

- begin the communication process with the audited entities at the planning stage of the audit, and continue throughout the audit. As audited entities may not have prior knowledge of performance auditing, it is important to introduce the purpose and process of performance auditing to them;
- engage the audited entities during the early stages of the audit when developing the: audit subject matter; audit objective(s) and questions; audit criteria; the period to be audited; and government undertakings, organisations and/or programmes to be included in the audit. Access to documentation, data, the confidentiality/sensitivity of the information that will be shared and how it can be used and disclosed in the final audit report are key



Auditors can conduct effective communication with the audited entity through:

- face-to-face meetings with audited entity officials;
- teleconference meetings; and
- written communication, such as letters and email.

Audit teams need to meet with the audited entity or entities at key points during the audit, including holding:

- an initial meeting to discuss the audit objective, the audit questions, scope and methodology, information requirements and timeframes;
- working meetings to obtain information and data from the audited entity(ies) and update the audited entity on the progress of the audit; and
- a meeting near the end of the audit in which draft audit findings are discussed, and there is an opportunity for the audited entity to provide comments and additional information.

In their communication with the audited entity, it is important for auditors to:

- be professional, respectful, courteous and receptive; and
- ensure that they maintain their independence and impartiality.

Source: IDI/PAS Development Team

matters to discuss with the auditee(s) early in the audit process, preferably during audit planning;

- hold update meetings with the audited entities throughout the audit process and consider its feedback. Audits often evolve as the audit team learns more about the topic and information is obtained and analysed. You should keep the audited entities informed of any significant changes to the key aspects of the audit, such as any changes to the audit questions or criteria. Effective communication can help improve your access to information and data, help gain better insights into the perspectives of the audited entities; and
- provide the audited entities with an opportunity to comment on the audit findings, conclusions and recommendations. Additionally, the audited entities' comments can be used for correcting factual errors and considering the need to make other changes to the final reports. The remaining differences of opinions or other important comments, along with the SAI's responses, may be published as part of the report.

A sound dialogue throughout the audit process that involves the audited entities is important in achieving meaningful improvements in governance and may increase the impact of the audit. In this context, you can maintain constructive interactions with audited entities by sharing preliminary audit findings and perspectives as they are developed and assessed throughout the audit. However, remember that you must also always maintain proper independence and impartiality while effectively communicating and working with audited entities.

Communicating with external stakeholders

We discussed the importance of the SAI assembling audit teams that collectively have the knowledge and skills necessary to conduct the audit and consult with stakeholders within the SAI, such as experts or methodologists, through all audit phases. It is also appropriate to engage with stakeholders external to the SAI. Potential stakeholders outside your organisation may include:

- academic and business communities;
- international bodies;
- internal auditors;
- citizens and their representatives;
- research institutions;
- civil society organisations (CSOs);
- professional institutions;
- representatives of vulnerable groups;
- other non-government organisations; and
- legal experts, if expertise does not exist within the SAI.

Stakeholder communication is important for both SAI leadership and audit teams. For example, SAI needs to cultivate good relations with various organisations to promote productive collaboration.

In addition, you, the auditor, should strive to maintain good professional relationships with all stakeholders involved in the audit. In doing so, 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. While stakeholder communication is important, it is essential that this communication does not compromise the independence and impartiality of the audit or the SAI. For example, your SAI may have policies and procedures that dictate the types of details about the audit or audit documentation that can be shared with stakeholders external to your SAI.

Communicating with the media and the public

A strategy for outreach to, and communication with, the media may be important to inform the public of the outcome of audit work. It is good practice to make reports accessible to the public and other interested stakeholders through the media unless prohibited by legislation or regulations. Reporting audit results publicly, unless specifically limited, make the results less susceptible to misunderstanding and facilitates follow-up to determine whether appropriate corrective actions have been taken. It is important that SAI make reasonable efforts to consider the needs of the public and the media in their requests for information about the SAI's work. SAI's treatment of all media – whether print or electronic, local or national, domestic or international – should be balanced and equitable.

As an auditor, it is important that you follow your SAI's guidance or rules concerning communicating with the media and the public. For example, SAI guidance might direct what level of officials within the SAI can participate in media interviews.

The principles for conducting a quality performance audit span the entirety of your work, so remember to always ...

... understand and act in accordance with your SAI's quality control and assurance framework;

... consider independence, be aware of possible threats to independence, and report them if necessary;

... adhere to all ethical standards and requirements of your SAI;

... exercise sound professional judgement and scepticism;

... ensure your audit team collectively has the necessary professional competence to perform the audit;

... determine the materiality of audit topics and findings, appropriately document the evidence and decisions in the audit, and ensure effective supervision of the audit;

... assess audit risk and put in place strategies to provide assurance in the audit;

... plan for and maintain effective and proper communication of key aspects of the audit with the audited entity and stakeholders; and

... keep in mind that performance audits require significant judgement, interpretation and scepticism because evidence associated with performance audits is typically persuasive rather than conclusive, requiring constant reassessment.

Source: IDI/PAS Development Team

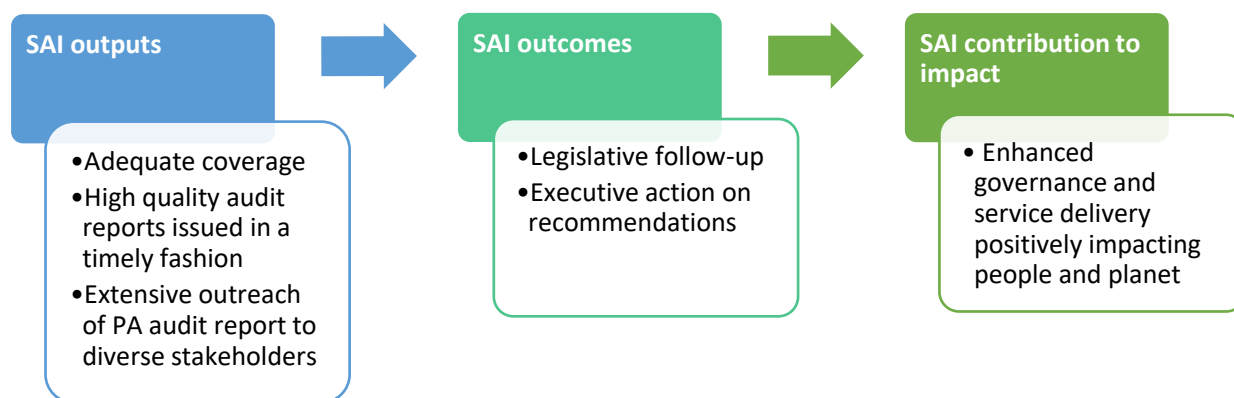
IDI's considerations to mainstream inclusiveness and maximise the impact of performance audits

Besides the general principles coming from the performance audit ISSAIs, we would like to highlight two cross-cutting considerations for performance audits: audit impact and inclusiveness. These considerations are not performance audit requirements, i.e. the performance audit can still be ISSAI compliant if these actions are not carried out. However, IDI recommends that SAIs mainstream audit impact and inclusiveness considerations throughout the performance audit process to enhance the value and benefit delivered by the SAI.

Impact driven performance audit process

IDI describes 'audit impact' as the contribution of SAI audit work to long-term positive effects on people and the planet (a society/on a group/area), especially those left behind. Such audit impact is achieved through a value chain of SAI outputs and SAI outcomes. **Figure 7** is an illustration of what such value chain could look like in case of performance audits.

Figure 4: Value chain of SAI outputs and SAI outcomes



While SAIs have control over SAI outputs, there are many factors that affect SAI outcomes and contribution to impact. SAIs are a part of an ecosystem. The social, economic, political context in the country and multiple stakeholders such as legislative bodies, executive, civil society organisations, professional bodies, academia, media etc., play a role in achieving audit impact.

Though a SAI may not have control over these, a SAI does have influence. To maximize the possibility of SAI contribution to impact through performance audits, we recommend that the SAI incorporate audit impact considerations throughout the audit process. This can be done

by asking and answering some key questions during different phases of the performance audit.

Key questions

- What is the envisaged audit impact of this performance audit?
- Will the topic selected contribute to desired audit impact?
- Will the audit design framework lead to desired audit impact?
- Are key stakeholders engaged throughout the audit process?
- Will the audit recommendations lead to a positive impact, including for those left behind?
- Are key messages conveyed to all relevant stakeholders?
- Are there processes in place for appropriate follow-up and facilitation of audit impact?

Source: IDI/PAS Development Team

Some tips for enhancing audit impact are presented below.

Tips for enhancing audit impact

- ✓ Engage with SAI Leadership
- ✓ Communicate continuously with audited entities
- ✓ Create a stakeholder coalition
- ✓ Communicate the value of your work
- ✓ Reflect on audit impact throughout the audit process
- ✓ Follow ISSAIs

Source: IDI/PAS Development Team

Mainstream inclusiveness considerations into performance audits

Millions of people across the world continue to live in poverty and are denied a life of dignity. There are enormous disparities of opportunity, wealth and power. Gender inequality remains a key challenge. The current pandemic has sharpened inequalities. People get left behind when they lack the choices and opportunities to participate in and benefit from government processes and outcomes. People can be vulnerable and left behind due to many factors like gender, ethnicity, age, class, disability, sexual orientation, religion, nationality, indigenous, migratory status, socio-economic status, geographical remoteness, conflict etc. In each national context, it is important for those charged with governance to ensure that government policies, programmes and institutions are inclusive and responsive to the needs of the marginalised.

Inclusion of the marginalised is important in both outcomes and decision-making processes of government. As performance audit seeks to contribute to effective governance and service delivery, it is important to examine if those charged with governance have been inclusive and responsive to the needs of marginalised groups in their national context.

You can examine inclusiveness in performance audits by:

- **Examining inclusiveness as a part of every performance audit topic.** For example, in auditing strong and resilient national public health systems, one of the topics examined could be the preparedness of such systems to respond to the needs of marginalised sectors of the population during an emergency. For example, people with disabilities, migrants and refugee populations.
- **Selecting topics that directly impact the marginalised.** Based on national priorities, you can decide to select high priority topics that directly impact the marginalised. For example, if you are in a country with very high rates of violence against women, you could select the elimination of violence against women as a performance audit topic.
- **Engaging with stakeholders and beneficiaries from marginalised sectors.** The audit process itself can be inclusive by engaging with civil society organisations (CSO) that represent relevant marginalised groups or reaching out to the marginalised sectors. Such engagement would have many benefits, such as contributing to a better understanding of the subject matter, ensuring that the voices of these sectors are heard and considered in all phases of the audit. Such engagement would also be beneficial for the ability to formulate relevant audit recommendations.
- **Understanding the impact of the audit on marginalised sectors.** Inclusiveness could also be considered in understanding the impact of your audit. What difference will your audit make to the marginalised sectors?
- **Communicate key messages from your audits to create greater awareness of issues faced by the marginalised sectors.**

Questions you could ask to examine inclusiveness

- ✓ How are marginalised groups identified by the government and considered in the implementation of policies?
- ✓ Who is being left behind, and what are the underlying reasons for their vulnerability?
- ✓ What disaggregated sources of data are available, and what are the data gaps?
- ✓ What actions are being taken to determine the needs of the marginalised?
- ✓ How does the government ensure that marginalised groups are included in decision-making processes?
- ✓ How does government ensure that marginalised groups are informed about government decisions and actions?
- ✓ What action has the government taken on SAI recommendations related to marginalised and vulnerable populations?

Source: IDI/PAS Development Team