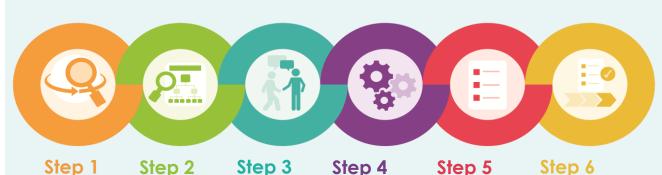# The Performance Audit Process
Important steps and concepts

Step 1
Selecting an audit topic
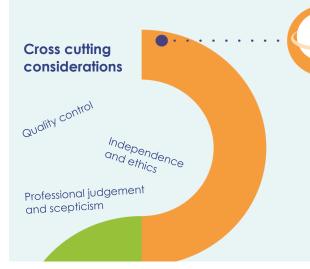
Step 2
Designing the audit

Step 3
Conducting the audit

Step 4
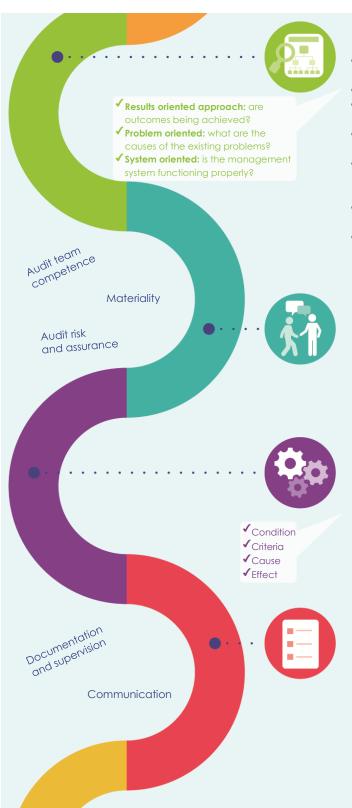Developing findings, conclusions, and recommendations

Step 5
Writing the report

Step 6
Following up on the audit results

Cross cutting considerations

Quality control

Independence and ethics

Professional judgement and scepticism

Selecting an audit topic

- **Understand interests and priorities** from the ministry, legislature, government, or other stakeholders such as civil society organizations or the public.
- Use **selection criteria** to ensure audit topics are significant, auditable, and consistent with the SAI's mandate.
- **Scan the audit environment** by conducting risk, financial, and policy analyses.
- **Prioritize audit topics** and determine the SAI's highest priorities.
- **Select a topic** for the audit team.

Designing the audit

- Conduct a **pre-study** to better understand the audit topic.
- Determine the **audit approach.**
- Develop the **objective(s)** to establish the reason for the audit.
- Formulate **audit questions** to guide the specific areas of the audit.
- Identify suitable **audit criteria** to measure the audited entity's performance against what is expected.
- Develop the **methodology** to guide the collection and analysis of information.
- **Document** the design, such as with a matrix, and develop a project schedule.

✓ **Results oriented approach:** are outcomes being achieved?
✓ **Problem oriented:** what are the causes of the existing problems?
✓ **System oriented:** is the management system functioning properly?

Audit team competence

Materiality

Audit risk and assurance

Conducting the audit

- Understand the importance of collecting **sufficient** and **appropriate** evidence.
- Gather information and data by **employing** the approved **methodology.**
- **Analyse** the collected information and data using qualitative and quantitative methods.

Developing findings, conclusions and recommendations

- Identify **findings** of the audit.
- Develop the **message** with appropriate balance on positive and negative findings.
- Draft **conclusions and recommendations,** if applicable.

✓ Condition
✓ Criteria
✓ Cause
✓ Effect

Documentation and supervision

Communication

Writing the report

- Establish a report structure that will **effectively communicate** the audit results.
- **Draft** the report in accordance with your SAI guidance.
- Obtain the **audit entity's comments** on the draft report.
- After receiving SAI management approval, finalise and **publish** the report.
- **Communicate** the audit results to the relevant parties.

Following up on audit results

- Determine **progress** on the audit findings and recommendations.
- Assess if the problems found were **addressed**.
- Determine financial and non-financial **benefits**.
- Identify areas for **future audits**.

The 3Es of auditing performance

Economy
Keeping costs low

Efficiency
Making the most of available resources

Effectiveness
Meeting objectives and achieving intended results

Tips

Seek expertise from stakeholders internal to the SAI as well as external experts.

Communicate with the audited entities throughout the audit.

Use professional judgement by applying knowledge, experience, and scepticism to each audit phase.

Consider inclusiveness when designing, conducting, and reporting.

Consider balance by reporting positive results as well as deficiencies.