Audit of Transparency, Accountability and Inclusiveness of the use of emergency funding for COVID-19 (TAI Audits)

A practical guide for Supreme Audit Institutions

Table of Content

About the practical guide

About the practical guide

The COVID-19 pandemic has significantly changed the world we used to live in. To help Supreme Audit Institutions (SAIs) stay relevant during the COVID-19 outbreak, the INTOSAI Development Initiative (IDI) has launched the *Global Cooperative Compliance Audits of the Transparency, Accountability and Inclusiveness of the Use of Emergency Funding for COVID-19* (hereafter called as *TAI audits*). This audit's main objective is to contribute to transparency, accountability, and inclusiveness in the use of emergency funding for COVID 19 in the near future.

This practical guide is mainly written for SAI teams conducting TAI audits. It aims to create a common understanding of concepts and principles of TAI Audits and provides 'how to' guidance, insights and tips for SAI auditors.

The guide includes two sections:

- - The first section covers the concepts and principles of TAI audit. It reflects on how SAIs can use an agile approach, ensure audit quality, facilitate audit impact and engage with stakeholders.

- - The second section provides practical guidance for conducting TAI audits. This includes guidance on selecting an audit topic, assessing risks, keeping the scope manageable, asking the right audit questions, gathering sufficient and appropriate evidence, writing evidence-based conclusions and recommendations, and timely and impactful reporting. The main focus areas of TAI Audits are emergency public procurements, management of donations and supply, socio-economic packages, and national rollout of COVID-19 vaccines. The guide also includes reflections on audit of COVID-19 vaccine rollouts. Within these areas, the audit could include examination of compliance frameworks as well as compliance in case of individual transactions.

Section I

TAI Audits: Concepts and Principles

Chapter 1

What is a TAI Audit?

TAI Audits are visualised as ISSAI-based compliance audits which contribute to enhancing transparency, accountability and inclusiveness in the use of emergency funding for COVID-19, and the setting up of more transparent, accountable and inclusive frameworks for public spending during emergencies in the future.

A key outcome of this audit is strengthening the allocation and utilisation of emergency funding to reach those who are furthest behind first, and prioritising vulnerable sections of society who are disproportionately affected by the pandemic, e.g. women, people with disabilities, the poor, and workers in the informal sector, refugees etc.

What are the features of TAI Audits?

Post facto audits: TAI audits are post facto audits. They examine compliance frameworks and transactions after they have occurred. As such they are different from pre audit checks or concurrent audits. E.g. in auditing socio- economic packages or emergency procurement of medical equipment, TAI audits will examine benefits already provided or procurement transactions that have already taken place.

ISSAI based: TAI audits aim to comply with applicable requirements of the compliance audit ISSAIs. This practical guide provides tips on how SAIs can balance the need for agility with the constraints created by the pandemic and the quality requirements of the standards.

Agile Approach: TAI audits encourage SAIs to take an agile approach, within the context of their capacities, environments and mandates. SAIs can take an agile approach by taking up audits of fast emerging issues like vaccine supply chain, completing the audit in a short time frame and issuing the report promptly. SAIs can also employ agile techniques and methods in conducting the audit.

Focus on compliance frameworks & transactions: TAI audits can focus on examining the transparency, accountability and inclusiveness of compliance frameworks e.g. an emergency procurement framework. TAI Audits may also examine compliance of a set of transactions e.g. distribution of economic relief packages to certain disadvantaged groups. SAIs can also examine both. SAIs will determine such focus based on its risk assessment.

Manageable audit scope: In order to be agile and doable in the current pandemic, it is important to keep the scope of TAI audits manageable. The audits can be scoped in terms of the focus area e.g. focus on one type of procurement or one socio-economic package. The audit can also be scoped in terms of a time series e.g. examine emergency procurements in the last six months and report on them or examine distribution of benefits under a socio-economic relief package during the last six months. If SAIs are not able to go into the field and check transaction records, they may also decide to scope their audits to examining the compliance framework alone e.g. examine emergency procurement framework.

Mainstream audit impact considerations: TAI audits are expected to mainstream audit impact considerations throughout the audit process. Visualising audit impact in the short and long term, engaging with key stakeholders throughout the audit process, communicating key messages from the audit widely, following up on the audit – these are some of the actions that could enhance audit impact.

Synergies between TAI audit and SAIs' annual financial audit

TAI audit is a compliance audit focussed on transparency, accountability, and inclusiveness of the use of COVID-19 emergency funding. In comparison, the financial audit seeks to provide an opinion on the presentation of the overall government's financial statements that include income and expenditure related COVID-19 pandemic. They may complement each other in terms of SAIs' resource efficiency, based on the timing of each audit.

COVID-19 funds are generally expected to be accounted for in governments' books of accounts and are disclosed accordingly in the annual financial statements. SAIs may have a statutory obligation to certify the annual financial statements of the governments. While planning, performing, and reporting on an audit annual financial statements, SAIs can make use of TAI audit findings and conclusions as follows:

1. The financial auditors can rely on TAI auditors' audit procedures in areas that are relevant to the preparation and the presentation of the annual financial statements, such as accuracy and completeness of COVID-19 expenditure, receipts, and disbursement of COVID-19 funds, etc.

2. Instances of non-compliances observed in the TAI audit may impact the presentation of the annual financial statements (refers ISSAI 2250). For example, the COVID-19 expenditure made in deviation to the government's expenditure rules and PPE procurement in deviation to the government's procurement regulations. While checking the transparency and accountability of COVID-19 funds, TAI auditors may observe instances of misappropriation, embezzlement, or diversion of COVID-19 funds. These instances and non-compliance issues will result in misstatements in the financial statements, hence impacting the auditor's opinion. The financial auditors can evaluate TAI audit findings, including audit evidence and assess any impact on the auditor's opinion on the financial statements.

In summary, financial auditors can use TAI audit findings and conclusions while forming an audit opinion on governments' financial statements.

Chapter 2

How to ensure quality of TAI audits?

Conducting audits during the pandemic will be challenging for many SAIs. In the face of such challenges, the credibility and reliability of SAI's work becomes even more important. As such, ensuring a basic minimum quality of TAI audits is non-negotiable. As TAI audits are compliance audits, ensuring audit quality would involve understanding the applicable compliance audit ISSAI requirements for the selected TAI audit, and putting in place a system to ensure that the requirements are met.

Applicable compliance audit quality framework for TAI audits

A compliance audit quality framework applicable to SAIs would be in line with the principles outlined in ISSAI 400, covering multiple elements:

- Elements relating to audit performance at the stages of audit planning, conduct and reporting.

- Other overarching elements include leadership and direction/tone at the top, human resources management, ethical requirements, stakeholder relations and communication.

The audit quality framework for TAI audits would comprise of both process-centric and product-centric aspects:

- **Process centricity** to demonstrate compliance with the entire audit processes framework (Auditing Standards, Audit Guidance, Audit Design for the assignment etc).

- **Product centricity** to demonstrate that the audit findings are supported by sufficient and appropriate audit evidence, and the audit conclusions enable the SAI to derive assurance with regard to the subject matter and scope of the audit assignment.

The quality framework will also require sufficiently detailed documentation, in accordance with ISSAI 100 and ISSAI 400, to enable an experienced auditor with no prior knowledge of audit to understand:

- The nature, timing, scope and results of the procedures performed,

- The evidence obtained in support of the audit conclusions and recommendations,

- The reasoning behind all significant matters that required the exercise of professional judgement, and

- The related conclusions.

Roles and responsibilities for ensuring the quality of TAI Audits

- **Audit Team Members** are responsible for carrying out the planned audit procedures in accordance with specified standards and procedures, gathering and documenting audit evidence arising out of the audit procedures and comparing with specified compliance criteria.

- **Supervisor of the Audit Team** is responsible for audit planning and design, supervision and review of the conduct of audit procedures by audit team members, and drafting and finalisation of audit report supported by sufficient and appropriate evidence

- **The managerial hierarchy** for audit performance and staff functions (HR etc.) have operational responsibility for the process and product compliance and development and continuous updating of standards, guidance, policies, procedures etc. to meet the stakeholders' requirements.

- **Head of SAI and Senior management** has overall responsibility for ensuring that audit processes comply with the SAI audit standards and guidance and specific responsibility for the TAI audit report submitted to the stakeholders.

Checklists for ensuring quality throughout the TAI Audit

Quality checklist for selection of TAI Audit topic and planning of the audit

- Was the subject matter for TAI audit selected in accordance with the SAI's mandate?

- Were the SAI's stipulated risk assessment procedures for the selection of subject matter(s) followed?

- Did the SAI team conduct an analysis of key areas and critical interventions that received significant emergency funding to address the COVID-19 pandemic impact?

- Did the SAI team identify highest risk to transparency, accountability and inclusiveness in the national context?

- Was the availability of relevant skills and competencies within the SAI (internal) or available to the SAI (external) considered while selecting the subject matter?

- Did the team communicate with the relevant stakeholders while selecting the subject matter for TAI audit of emergency funding to tackle the pandemic's fallout?

- Was the audit scoped appropriately, considering timelines that are practicable yet appropriate to meet stakeholders' needs?

- Did the SAI team document a risk assessment matrix relating to internal controls (and changes to the internal controls due to the entity's emergency procurement/funding) of the selected audit topic?

- Was the risk of fraud duly considered while conducting the risk assessment?

- Were the audit procedures designed based on the risks identified?

- Did the SAI team identify sources (rules and regulations) while formulating audit criteria and did they communicate these criteria to the relevant responsible parties?

- Was the sampling approach adopted for the selection of transactions etc. and the materiality thresholds for the audit determined?

- Did the SAI team identify the audit evidence to be collected and the procedures to be performed?

- Was the level of assurance to be provided determined?

- Was the selection of the subject matter, and scoping and designing of the TAI audit reviewed and approved at appropriate levels within the SAI as per the stipulated procedures?

- Were professional judgement and professional scepticism exercised while selecting the subject matter, scoping the audit, and designing the TAI audit?

- Was the audit plan involving the selection of the subject matter and scoping and design of the audit appropriately documented?

Quality checklist for conducting TAI Audit

- Was the team supervised adequately during the conduct of the TAI audit?

- Did the SAI team find a flexible and agile approach to respond to changes and get necessary approvals for the changes made?

- Was sufficient and appropriate evidence collected, covering the entire TAI audit scope?

- Was effective communication with the responsible parties maintained throughout the conduct of the audit?

- Were audit conclusions drawn after evaluating whether sufficient and appropriate evidence had been collected?

- Did the SAI team have sufficient documentation for evidence gathered and conclusions reached?

- Did the team comply with the SAI's code of ethics and independence requirements in the TAI audit conduct?

- Were professional judgement and an attitude of professional scepticism adopted during the conduct of the TAI audit?

Quality checklist for reporting and follow up on TAI Audits

- Was the TAI report complete, objective, timely? Did it include audited entity responses and SAIs replies to those?

- Was the report reviewed and approved at the appropriate level as per SAI procedures, and was such review and approval documented?

- Were professional judgement and an attitude of professional scepticism adopted while reporting the results of the TAI audit?

- The auditor shall decide follow-up on opinions/conclusions/recommendations of instances of non-compliance in the audit report when appropriate.

Chapter 3

Mainstreaming Impact considerations in TAI audits?

Why does audit impact of TAI Audits matter?

No SAI audit is an end unto itself. Every audit is taken by a SAI to make a difference and contribute to positive outcomes that benefit all. The need for impact of the audit is even more urgent in case of the TAI audits, as the SAI conclusions and recommendations need to be acted upon in a short, urgent time frame to improve transparency, accountability and inclusiveness of the spending on COVID-19. As such, even as SAIs consider their mandates and quality standards, we urge SAIs to also visualise the impact that they would like to see from their TAI audits.

What could be the audit impact of TAI Audits?

As the name suggests, the main impact of TAI audits will be their contribution to enhancing transparency, accountability and inclusiveness in the use of emergency funding. Such an impact can be visualised in the short term and a longer-term.

1. In the short term, the implementation of TAI audit recommendations leads to enhanced transparency, accountability and inclusiveness in the use of emergency funding for COVID-19 by strengthening compliance frameworks and adherence to applicable compliance frameworks. These could be compliance frameworks for emergency procurements during COVID-19, socio-economic packages or other compliance frameworks under which emergency funding takes place.

2. In the long term, the implementation of TAI audit recommendations leads to setting up of more transparent, accountable and inclusive frameworks for public spending during emergencies.

SAIs can have a positive impact on transparency, accountability and inclusiveness even before the conclusions and recommendations are formally published. Audited entities may act on SAI audit observations during the course of the audit. Audit observations may also encourage audited entities to plug loopholes for transactions in the immediate future.

TAI audits can have a big impact in terms of their deterrent value. The fact that the SAI has taken up an audit can also act as a deterrent for likely non-compliance. Please watch AFROSAI-E's interview[1] with the Auditor-General, Sierra Leone. Given the nature of TAI and the urgency of the emergency situation, we encourage SAIs to explore agile ways of getting their findings acted upon.

How can SAIs enhance audit impact of TAI Audits?

As mentioned above, in the case of TAI audits, SAIs can aim to look at making a positive impact even as they take up the audit. SAIs can enhance the impact of their TAI audits by mainstreaming impact considerations and reflecting on impact throughout the TAI audit process. We have the following tips to offer in this regard.

---

[1] https://www.youtube.com/watch?v=MLWr5Qtpxro&feature=youtu.be

1. **Visible and engaged SAI Leadership –** SAI leadership plays a critical and central role in ensuring the impact of TAI audits. SAI leadership sets the tone of the TAI audit for both internal and external stakeholders. SAI leadership need to ensure that the SAI has systems in place to enhance the impact of TAI audits.

2. **Proactive and continuous communication with audited entities –** In order to understand the landscape of COVID-19 spending and funding, it is important for the SAI to maintain strong communication with the audited entities throughout the audit process. SAIs also need to communicate with audited entities and stakeholders to remind them of the rules and regulations that need to be complied with even in emergency situations. In most cases, issues of mandate, information and action on audit findings can be effectively sorted out through strong dialogue. Such dialogue will also allow SAIs to gain a deep understanding of the situation and come up with realistic recommendations for the government to act upon.

3. **Create a stakeholder coalition** – Audit impact is not something that SAIs can achieve on their own. It would be important for SAIs to identify key stakeholders to work with throughout the TAI audit process and for facilitating audit impact. We recommend establishing strong communication lines with audited entities, civil society organisations, development partners, actors in the accountability & transparency sector like anti-corruption agencies, actors who work with vulnerable groups, legislative representatives, academia, peers. To create ownership and leverage off each other, it is important to involve appropriate actors throughout the audit process rather than at the end of the audit. It is also critical to find mechanisms for public participation.

> SAI South Africa collaborated with a newly established fusion centre that deals with investigations into fraud and corruption relating to COVID-19, by sharing their findings and data analyses with them. The centre included the Special Investigating Unit, Directorate for Priority Crime Investigation (Hawks) and Financial Intelligence Centre. They also liaised with the Competition Commission and the Public Protector by sharing information for their further investigation.

4. **Communicate the value of your work** – Even as SAIs take up TAI audits, it is important to speak about the value of these audits and communicate the visualised outcomes at national, regional and international fora. A short communication plan for the TAI audits would help the SAI's communication efforts. In the case of SAIs which have communication departments or communication officers, we suggest involving them from the beginning, especially in developing a communication plan. Social media platforms, online communication tools, regional and international stakeholder meetings can be used for such communication.

5. **Reflect on audit impact throughout the audit process** – In order to keep the spotlight on audit impact throughout the audit process, we recommend that the SAI team reflect on the following questions during the TAI audits:

Deciding on the TAI Audit portfolio

- Will the selected audit(s), individually and collectively, contribute to enhancing transparency, accountability and inclusiveness in the use of emergency funding?
- Do considerations of audit impact at this stage include gender and inclusiveness considerations?

Designing the TAI Audits

- Will the determined audit scope lead to the desired audit objectives?
- Will the examination of these audit objectives lead to the desired audit?
- Will this audit positively impact those left behind?

Conducting the TAI Audits

- Will the audit conclusions lead to the desired audit impact?
- Have we engaged with stakeholders in a way that facilitates audit impact?
- Do the audit conclusions adequately reflect the views and status of vulnerable groups affected by COVID-19?

Reporting on the TAI Audits

- Are the recommendations in the report realistic and actionable?
- Will they positively contribute to transparency, accountability and inclusiveness in COVID-19 spending?
- Will they have a positive impact on COVID-19 spending for vulnerable groups?
- Is the report accessible to all key stakeholders, including vulnerable groups?

Audit Follow up & Facilitation of audit impact

- Have we engaged with appropriate stakeholders for follow up and facilitation of audit impact?
- Do we have an effective independent follow-up mechanism that will insist on executive action on audit conclusions and recommendations?
- Have we focused on vulnerable groups in following up on our recommendations and facilitating audit impact?

6. **Ensure credibility, timeliness and relevance of TAI audits –** Lastly and most importantly, audit impact of TAI audits requires high quality, credible audit work that is done in a timely manner and that is relevant to the national priorities. Following the compliance audit ISSAIs will help the SAIs in ensuring the credibility and quality of their work. Adopting an agile approach, as per the capacity of the SAI, will help the SAI in delivering a timely response. The other chapters in this practical guide provide guidance on conducting an ISSAI compliant TAI audit using an agile approach.

Chapter 4

How to apply an agile approach in TAI audits?

The primary objective of an agile approach is to deliver value early without affecting the audit process's quality and results.

It is necessary to clarify that applying the agile approach is an option, not an obligation. We recommend that each SAI assess the feasibility of applying such an approach. This will be based on an assessment of the SAI's staff's skills (technical and soft) and experience to implement agility. A SAI may also decide on the specific audits to which such approach can be applied.

There are several generic agility methodologies, such as Scrum, Extreme programming, Kanban (for reference: Agile Alliance; Scrum Alliance Certification | Transform your workplace) In this chapter we have tried to illustrate nine principles of agility that SAIs across the world can incorporate in their TAI Audit process.

Nine principles of an agile approach to TAI Audits:

Depending on their capacity, mandate and environment, SAI could try using either all or some of these principles of agility.

Early & continuous delivery of audit products	Change is welcome	Empathetic approach
Collaborative work	Focus on simple & essential	Effective communication
Motivated individuals & self managed teams	Continuous improvement	Continuous attention to technical excellence

Principle 1 – Early and continuous delivery of audit products – in an agile approach it is critical to scope the audit and plan in mini-cycles to generate early reports

Instead of planning to deliver one comprehensive on COVID - 19 at the end of the year, SAIs could plan to deliver a series of such reports at regular intervals. This could be done by planning a number of tightly scoped audits instead of one big audit. SAIs could also think about generating partial reports with relevant information, well supported with audit evidence, that show the progress of audit findings with public entities taking timely corrective actions to improve the conditions found.

Principle 2 – Change is welcome - The pandemic has taught is that change is the only constant. As uncertainty and change are a given, the SAI would need to be flexible in its plans and be prepared to change course as new developments come in. This could relate to the audit objectives, availability of audit criteria or access to audit evidence.

Principle 3 – Empathetic approach – Now more than ever SAIs need to adopt an empathetic approach to their audited entities. The pandemic has affected all walks of life, and it is important for the SAIs to understand the situation of the audited entities while making recommendations for greater transparency, accountability and inclusiveness. This principle by no means implies that the SAIs will not point out non-compliance. It only means that SAIs

would try to see the situation from the audited entities perspective, to arrive at conclusions and make recommendations.

Principle 4 – Collaborative work – TAI Audits may require audit teams with staff from across the SAI. For example, if the SAI uses data analysis in their audits, it may be useful to have data analysts working together with the auditors to conduct TAI audit. An agile approach also calls for collaboration with multiple stakeholders and SAI leadership.

Principle 5 – Focus on simple and essential – In the context of TAI this could mean keeping the audit scope manageable and focusing on high priority, high risk areas.

Principle 6 - Effective communication – While effective communication is key in any audit process, it becomes even more critical in an agile process where things change constantly, and the SAI team needs to respond with agility to deliver a product in a tight timeline. E.g. the audit team could have a catch-up meeting for five minutes every day in the meeting, each team member describes what they did yesterday, what they are going to do today, and their problems. They can use tools like a Kanban-type board, specifying the tasks to be executed, those that are in process, those that are to be verified and those that have already been carried out.

Principle 7 – Motivated individuals and self-managed teams – An agile approach is possible only if the SAI team has highly motivated auditors, who are self-starting and can work together to deliver a high-quality product within tight timelines.

Principle 8 – Continuous improvement – SAIs can set up iteratives processes and build feedback loops, so the SAI team learns lessons from the previous iteration and finds ways to address those in the next one. SAI teams can organise review or lessons learned sessions to reflect on what things could continue to be done, what things could cease and what things they could begin to execute.

Principle 9 – Continuous attention to technical excellence – Agility does not mean that SAI teams lets go of quality. An agile approach continues to emphasise technical excellence. In the context of TAI audits this implies that SAIs will stay true to compliance audit ISSAIs in conducting TAI Audits.

The SAI of Costa Rica has successfully implemented an agile approach to COVID-19 audits. To learn more about their work, you can watch[2] their webinar on agile audits at IDI's SAI Innovations Marketplace event. According to SAI Costa Rica: '*What is important for SAI staff, in addition to training on agile approach, is the change of mindset, paradigms, and mental schemes, to create new formal and informal ways of generating value for the audited entities and the stakeholders*'

---

[2] https://youtu.be/umrsAuaoLhY

Chapter 5

Engaging with Stakeholders for TAI Audits

Why Does this Matter?

Stakeholder engagement is crucial for ensuring the transparency, accountability and inclusiveness of the use of emergency funds. It is increasingly recognised that "for [SAIs] work to deliver impact and ultimately generating value and benefits[3], the support and collaboration of an ecosystem of interconnected actors, conditions and processes are needed".[4]

The importance of stakeholder engagement may be heightened when working in an emergency situation. For example, SAIs need to consider the changing priorities of stakeholders, the effect of increasing risks on the actions of stakeholders, and the risks that audit work impedes emergency response delivered by stakeholders. Further, the continued presence of stakeholders on the ground during an emergency, when the SAI may not be able to be present, means they may make an essential contribution to audit selection, risk assessment and evidence gathering.

What is Stakeholder Engagement and Analysis?

"Stakeholder engagement is the process by which an organization involves people who may be affected by the decisions it makes or can influence the implementation of its decisions".[5] An essential component of this is stakeholder analysis, which involves stakeholder identification, and gathering and analysing the views, attitudes and expectations of different stakeholder groups.

Who Should be Involved in Stakeholder Engagement?

Many SAI stakeholder engagement activities occur at the level of the SAI. These include assessing emerging stakeholder interests and risks, revising the SAI's annual work plan, setting the tone for accountability requirements and audit engagement with the government, and communicating cross-cutting audit findings impacting the whole government. For this, senior management from across the SAI should be involved, with the Head of the SAI taking a prominent and visible role.

At the level of individual audits, stakeholder engagement becomes a cross-cutting theme throughout the audit process. All audit managers and professional staff should be involved. In

---

[3] https://www.issai.org/pronouncements/intosai-p-12-the-value-and-benefits-of-supreme-audit-institutions-making-a-difference-to-the-lives-of-citizens/

[4] All Hands on Deck: Harnessing Accountability through External Public Audits, IDI and IBP, 12 November 2020

[5] Wikipedia, 26 November 2020

addition, many SAIs have dedicated communications departments or officers, who will also play a prominent role.

How Stakeholder Engagement is Addressed throughout this Guide

Stakeholder engagement appears as a theme throughout this guide. This section summarises key approaches to stakeholder analysis, provides a way of classifying and grouping stakeholders and considers the risks and benefits, challenges and solutions to engaging with different stakeholders regarding the pandemic. It concludes with some ideas on keeping stakeholder engagement agile. Subsequent sections of this guide explain how SAIs engage with stakeholders in revising the SAI's annual work plan and assessing risk at the audit engagement level (section 5); conducting and reporting on TAI audits (section 6), and disseminating findings and recommendations (section 7).

Conducting Stakeholder Analysis

IDI's SAI Strategic Management Guide, section 4.2 offers a simplified approach to conducting stakeholder analysis. While written from the perspective of stakeholder analysis to inform the development of an SAI's strategic plan, the principles can be applied to other topics, in this case agile compliance audits of the transparency, accountability and inclusiveness in the use of emergency funds for COVID-19.

The first step in stakeholder analysis is being clear on purpose. In relation to TAI audits, possible purposes could include: input to the revision of the SAI's annual/multi-annual work plan; implementation of a specific audit engagement (including risk assessment, conducting and reporting, and disseminating findings and recommendations); and enhancing follow-up and impact from prior audits

Key steps in stakeholder analysis, and the outputs from each, may be summarised as follows:

Step	Output
1. Identify Stakeholders	Register/list of stakeholders
2. Map Stakeholders	Stakeholder MAP, e.g. power/interest grid
3. Stakeholder Consultation	Record of stakeholder views and inputs
4. Analysis and Decision Making	Summary analysis table and identified actions

Further guidance on each step, including different methods for stakeholder consultation, is provided in the IDI SAI Strategic Management Guide. Where possible, steps 1-2 should draw on previously conducted stakeholder analysis and require only minor additional work in relation to specific topics. Steps 3-4 will likely need to be repeated for different tasks and audit engagements. In conducting step 3, stakeholder consultation, where possible SAIs should try to coordinate work on different audits so that relevant stakeholders are consulted on a range of topics at the same time, rather than separately on several different audits.

An illustration of the results of a stakeholder analysis is provided in the IDI Performance Audit ISSAI Implementation Handbook (Annex 5, figure 5.1). The illustration relates to an audit examining issues pertaining to domestic violence and violence against women.

SAI Stakeholder Classification and Common Stakeholder Groups

An important, and often neglected, stakeholder classification for SAIs is between internal and external stakeholders. Too often, an SAI's internal stakeholders – crucial to the successful delivery of any audit or activity – are neglected during stakeholder engagement.

A useful distinction for SAIs can be made between state actors and non-state actors. **State actors** are those the SAI needs to engage with based on constitutional, legal or regulatory requirements, e.g. the legislature, executive, audited entities, judiciary, professional and standards-setting bodies). **Non-state actors** are those whose relations with the SAI are grounded on good practice rather than mandatory requirements, but whose role is to help the SAI reaching out to society and the public in general, e.g. Media, CSOs, Citizens[6].

At the level of individual audit engagements, auditors are also likely to follow the distinction made in ISSAI 100 between the three audit parties: auditor, responsible party[7], intended users[8].

The following table provides an example of SAI stakeholders by different categories. It is crucial to disaggregate stakeholder groups based on the purpose of the stakeholder analysis. However, a balance must be struck between the extent of disaggregation and the need to remain agile.

Relationship to the SAI	Stakeholder Group	Useful Disaggregation
Internal	SAI Leadership	• Audit vs non-audit staff
	SAI management	• Professionally vs non-professionally qualified staff
	Auditors	• Gender
	Support Staff	• Location (e.g. head office vs regional office staff)
External – State Actors	Legislature	• Ruling party vs opposition • Ministers/officeholders vs backbenchers • Members of key committees (e.g. budget, public accounts)
	Executive	• Minsters vs officials • Internal audit & inspection units • Anti-corruption agencies • Law enforcement agencies
	Audited Entities	• Central government • Local government • State-Owned Enterprises • Autonomous public agencies (e.g. Universities)
	Judiciary	• Levels of the judiciary (e.g. district/high/federal courts) • Courts of appeal / supreme courts
External – Non-State Actors	Citizens	
	Civil Society Organisations	
	Media	

---

[6] The distinction may vary considering the specific context in which the SAI operates

[7] Individuals or organisations who may be responsible for the subject matter information, for managing the subject matter or for addressing recommendations, as per the constitutional, legislative or regulatory arrangements (ISSAI 100 Fundamental Principles of Public-Sector Auditing)

[8] The individuals, organisations or classes thereof for whom the auditor prepares the audit report. The intended users may be legislative or oversight bodies, those charged with governance or the general public, etc. (ISSAI 100, op cit.)

Relationship to the SAI	Stakeholder Group	Useful Disaggregation
	Development Partners	
	Professional accounting, finance bodies	

Within and across these stakeholder groups, it may be necessary to consider relevant cross-cutting groups and power structures, such as tribes, ethnicities, political party[9] and Trade Union members.

Key Considerations for Effective Collaboration with Stakeholders in TAI Audits

Throughout the TAI Audit process, an active dialogue between the SAI and relevant stakeholders is required to understand the overall societal response to the COVID-19 crisis, the main risks, and how the SAI can add the most value with the intended audit.[10] Depending on the context in which the SAI is operating, the level of collaboration with diverse categories of stakeholders can vary from no
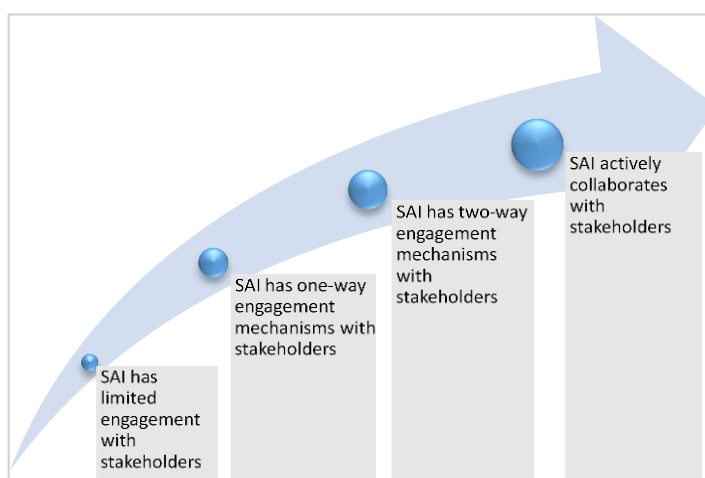
Evolving Levels of SAI-Stakeholder Engagement

or very limited engagement to active collaboration[11]. In the TAI Audit, the SAI may need to collaborate with both state and non-state actors[12]. The SAI will need to understand who are the critical stakeholders that may add value to the audit and consider potential challenges for effective and swift collaboration with each stakeholder group. The table below provides some potential risks and challenges the SAI needs to consider in its engagement with each category of stakeholders in the audit process. It also shows potential benefits from such engagement.

Stakeholder	Risks/Challenges to Consider	Potential Benefits from Engagement
Legislature	• The institutional framework may not support engagement between the SAI and Legislature • Lack of political independence of the Legislature from the Executive may exacerbate the challenges already faced by	• Alignment of audit topics with legislature requests or other topics of legislature interest increases scrutiny of audit findings and increases the potential for audit impact • Legislature interest may increase interest in the topic among other stakeholders and can be used to unblock barriers that

---

[9] Especially in cases where political party membership closely influences roles, positions and communication channels in the executive

[10] Accountability in A Time of Crisis, joint paper from IDI, CREFIAF, SAIs of Liberia and Sierra Leone, April 2020

[11]Adapted from Supreme Audit Institutions and Stakeholder Engagement Practices: A Stocktaking Report, Effective Institutions Platform, September 2014

[12] SAI Performance Measurement Framework 2016, Indicators 24 and 25, INTOSAI

Stakeholder	Risks/Challenges to Consider	Potential Benefits from Engagement
	the SAI for its own independence • Aligning timing between work of SAI on TAI audit and needs of legislature cycle/process • Electoral cycle and political agenda affecting Legislature's priorities, and risk of SAI not being seen to act impartially • Political pressure and intrusion in the course of SAIs' selection and implementation of audits undermines SAI independence and credibility of audit findings	may arise during implementation of the audit
Executive (e.g. beyond the audited entity)	• SAI Independence from the executive may be less clear to some observers if SAI engagement goes beyond usual auditor-audited entity relations	• Bring critical risks to attention for all government entities at an early stage, strengthening systems and compliance during the pandemic response
Audited Entity	• Lack of collaboration in sharing necessary information and accessing relevant locations for the audit • SAI's objectivity regarding the audited subject matter	• Accessibility to reliable and timely information • Meaningful cooperation during the audit process • Implementation of audit recommendations and regulations
Media	• Distortion of the SAI's reputation purpose and image in the eyes of public opinion	• Enhanced SAI reputation and credibility from positive media coverage • Dissemination of audit findings related to TAI Audits to all stakeholders • Promotion of the role played by the SAI in contributing to Transparency, Accountability and Inclusiveness in the use of emergency funds
Civil Society Organisations	• Reliability and trustworthiness of some CSOs that the SAI does not know well • SAI's impartiality may be challenged if considered to be supporting specific political agenda of certain CSOs	• COVID-19 audit topic suggestions based on end-user experiences • Potential engagement of service users as a source of audit evidence – especially when COVID-19 restrictions may prevent the SAI from engaging with end-users directly • Enhanced public awareness of SAI audit findings and the importance of SAI independence

Agile Stakeholder Engagement in TAI Audits

One key element of an agile audit is improved engagement and transparency with a wide range of stakeholders. Open communication is encouraged and welcomed, so issues are identified and resolved before they become blockers. All relevant stakeholders are involved

throughout the entire process, so nobody is left out of the loop.[13] Recognising that agile stakeholder engagement may amplify the risks above, how can the SAI stay true to the desired audit quality and preserve its independence while harnessing the benefits that engaging with stakeholders with diverse perspectives brings to the COVID-19 crisis? How can the SAI keep stakeholder engagement agile, and how does this differ to the usual audit approach? SAI approaches for agile stakeholder engagement throughout the TAI audit could include the following:

- Seeking early support from relevant stakeholders from the audit planning stage, so that risks of resistance and low collaboration is reduced from the start. This could be done with the objective of building strong alliances for the audit to be effective while keeping in mind the importance of preserving the SAI's independence
- Starting off the audit by highlighting the importance of preventative and internal controls to different authorities to address the increased risks and significant changes in their operations, as such controls are a deterrent to abuse in management of COVID-19 emergency funds[14]
- Seeking innovative ways of reporting on the potential outcomes of the agile audits to the relevant stakeholders through dedicated communications products

"We are collaborating with the newly established fusion centre that deals with investigations into fraud and corruption relating to COVID-19, through sharing our findings and data analyses with them. The centre includes the Special Investigating Unit, Directorate for Priority Crime Investigation (Hawks) and Financial Intelligence Centre. We have also been liaising with the Competition Commission and the Public Protector by sharing information for their further investigation."

Auditor General-South Africa, first special report on the financial management of Government's COVID-19 initiatives, Executive Summary, September 2020.

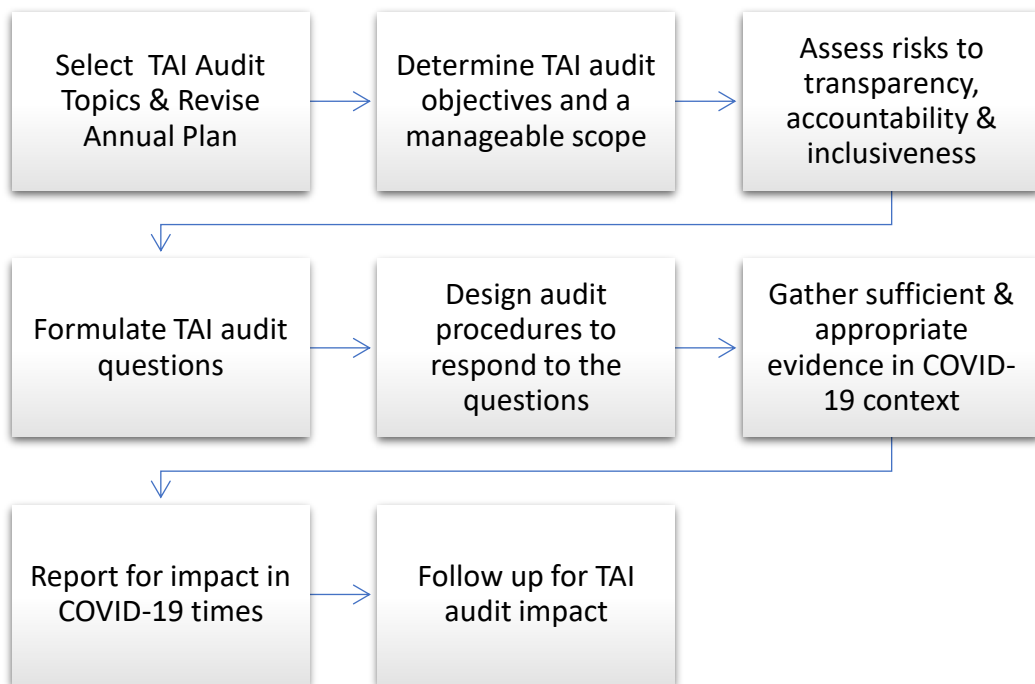**Inclusive stakeholder engagement in TAI Audits**

The COVID-19 crisis has further exacerbated inequalities and disproportionately affected vulnerable groups e.g. the poor, women, the elderly, migrants, indigenous peoples, and people with disabilities, people suffering racial discrimination etc. In TAI Audits, SAIs can demonstrate inclusive stakeholder engagement by identifying key stakeholders representing vulnerable sections and including them in the SAI's stakeholder engagement and making sure that their voices and viewpoints are heard.

---

[13] Sprinting ahead with agile auditing, Galvanize, 2020
[14] Auditor General-South Africa, first special report on the financial management of Government's COVID-19 initiatives, executive summary, September 2020

How to conduct TAI Audits

| Select TAI Audit Topics & Revise Annual Plan | → | Determine TAI audit objectives and a manageable scope | → | Assess risks to transparency, accountability & inclusiveness |

| Formulate TAI audit questions | → | Design audit procedures to respond to the questions | → | Gather sufficient & appropriate evidence in COVID-19 context |

| Report for impact in COVID-19 times | → | Follow up for TAI audit impact |

Chapter 6: Planning TAI audit

This chapter explains the planning process of TAI audits. The SAI needs to select the TAI audit topics at the organisational level and, if required, update its annual work plan. Once the SAI decides the topics, the TAI audit team will plan for the individual audit based on the audit's circumstances, the complexity of the underlying topic, and the applicable criteria. The process of selecting the potential TAI audit topics and then planning an individual TAI audit is described below.

Selection of TAI audit topics

Risk-Based selection of audit topics

We recommend that SAIs review their annual audit plans in light of COVID-19. These plans would need to be reviewed across the SAI for the different types of audit work that the SAI will take up. The review will be based on a risk-based selection process to determine which COVID-19 audits to undertake, factoring in the SAI's expected resources and its mandatory tasks.

This section mainly deals with such a review in the case of the SAI's compliance audit portfolio. ISSAI 4000/64-70 requires SAIs to select[15] compliance audits in areas of significance for intended users and guides how to do this. Factors to consider in selection include public and legislative interest, the significance of public funding, risk of non-compliance, and adequacy of the internal control system.

Guidance on determining a SAIs annual or multiannual work plan is provided in chapter 4 of the IDI Compliance Audit Handbook. This section deals with additional considerations relevant to adjusting the SAI's annual/multi-annual work plan in response to the COVID-19 pandemic.

Who Should be Involved?

Selecting TAI audit topics and including them in the SAI's annual/multi-annual work plan needs to be done by those responsible for setting the original plan. Those involved must have an overview of the SAI's audit universe, its mandate and possible restrictions, and awareness of stakeholder expectations and the public interest. The revised plan will impact everyone in the SAI, so it must have strong internal legitimacy. The plan also needs to assure external stakeholders that the SAI responds appropriately to stakeholder expectations and emerging risks relating to the pandemic. It follows that the work to adjust the SAI's plan is led by and involves senior management from across all affected units. It must have the buy-in and approval of the Head of the SAI.

The SAI Head's involvement may also be crucial when the SAI faces restrictions or challenges regarding its mandate to conduct certain types of audit work or audit a particular fund.

Once the SAI's annual/multi-annual plan is adjusted, risk-based planning at the audit engagement level can be led by staff responsible for those audits.

---

[15] Where the SAI has discretion to select

How to identify, assess and rank possible audit topics

Responding to the COVID-19 pandemic in a timely manner requires SAIs to act with agility. We recommend that the SAI first identify the topics and then change the existing annual work plan.

The first step starts with identifying possible audit areas or topics that could be addressed through SAI's annual work plan. The SAI team could consider the following six critical aspects of this process.

Emergency COVID-19 packages: first, the team needs to ensure that it fully understands what new domestic and international funding has been mobilised for COVID-19 and any conditions or commitments related to this funding. Also, how (and if) it has been brought onto the government budget or allocated to Extra Budgetary Funds, and how existing budgets have been reallocated. Finally, list the new policy initiatives launched and document their financial significance and assess inherent risk.

Stakeholder Interests: approaches to identifying and engaging stakeholders, including risks and benefits, are covered in section 4 above. Understanding the interests of key stakeholders is of fundamental importance to identifying possible new audits. It is also essential that the SAI is seen to be reaching out to stakeholders and not second-guessing their interests. To remain agile, the SAI may utilise any existing mechanisms through which stakeholders can make suggestions for audit topics. We recommend that the SAI consult with stakeholders such as the legislature, judiciary, key government ministers, and international financing partners. This could be through a survey, facilitated online workshop, or one-to-one conversations. Additionally, the SAI could consider creating a one-off open forum, providing citizens, CSOs and the media with an opportunity to indicate their interests and concerns. This may also serve as a useful mechanism to identify future partners contributing to delivering the selected audits.

During consultations, the SAI needs to manage stakeholder expectations and maintain its reputation for independence and impartiality by clarifying that the final decision on audit topics rests with the SAI. While it seeks to understand stakeholder concerns and interests as an input to the audit process, it must balance the interests of many different stakeholders, assess materiality and risk, and select audits that make the most effective use of the SAI's limited resources.

ISSAI check

- ✓ Were the intended user(s) and the responsible party identified and considered the implication of their roles in order to conduct the audit and communicate accordingly?
- ✓ Where the SAI has the discretion to select the coverage of compliance audits, did the team define the subject matter to be measured or evaluated against criteria?

SAI Mandate: Mandate restrictions may limit the nature of the audit to be undertaken, the audit subjects, and the timing of conducting and reporting on audit work. The team needs to obtain a thorough understanding of the SAI's mandate and how flexible this is. Many SAIs have broad mandates allowing for the audit of all public funds and clauses, enabling them to undertake financial, performance and compliance audits. However, other SAIs are creatures of the mandate: they must conduct the audits laid down in legislation, in the manner and timing prescribed, and lack the authority to do otherwise. Other SAIs have flexible mandates on paper but are required to conduct audits as directed by Parliament or the Head of State.

The SAI needs to also pay attention to funds channelled into Extra Budgetary Funds and understand whether they have the mandate and access to records to audit these directly. If not, they should consider whether they can audit them from the perspective of using public funds by the entity providing the funds (a 'follow the money' approach).

The SAI needs to identify any mandate limitations affecting the nature, subject or timing of possible new audits or cases where it anticipates the audited entity may challenge the SAI's mandate.

In these cases, the SAI's mandate may need to be clarified and potentially expanded for the SAI to fulfil its role in ensuring accountability for public funds' effective use. As amending legislation is unlikely to be feasible in the short term, a more agile approach may be to seek a temporary and one-off agreement to a specific audit. Depending on the country context, this may be agreed upon with key government ministers or Head of State, key members of the executive, or a legislature committee such as a Public Accounts Committee.

In some countries, development partners and International Finance Institutions may contribute to securing the necessary mandate. For example, this mandate's need could be linked to audit commitments made in Letters of Intent (LoIs) signed by the country when securing the IMF's emergency funding.

Potential for Impact: for each possible new audit, the SAI needs to consider the potential for the audit to contribute to impact for all and how vital that impact may be. In particular, if delivered on time, could the audit already improve how COVID-19 related initiatives are delivered or make a longer-term improvement to the government response to emergencies? The SAI may also consider the likelihood that audit recommendations could be acted upon based on stakeholders' interest regarding the audit topic.

Emergency Spending Rules: the SAI needs to be familiar with emergency spending rules applied or introduced during the pandemic. This includes knowledge of units and expenditures that they apply to, the period of applicability, clarity, and communication rules. Special attention is required to understanding what spending rules and accountability mechanisms applied to funds allocated to and spent by Extra Budgetary Funds. Based on this, along with auditors' existing understanding of the relevant audited entities, the SAI can assess overall control risk in relation to each possible new audit.

Auditability: the SAI needs to consider certain factors that influence the feasibility of conducting each new audit. Special considerations in light of COVID-19 may include:

- The need for and feasibility of travel, in-person interviews (as opposed to remote interviews), and inspection of papers records;
- The existence of and auditor access to digital records;

- The feasibility of gathering audit evidence (directly or indirectly) from service users

Possible new audit topics: using all the information above, the SAI can identify an initial long list of possible new audits in response to COVID-19. A simple scoring chart could be used to rank the importance of each one against key criteria, such as budgetary significance, stakeholder interest, inherent and control risk (of non-compliance), the potential for impact and auditability, and produce an aggregate score. The list will likely exceed the available SAI resources to deliver the audits. The process may be repeated, leading to a shortlist of possible new audits, ranked in order of priority. The final ranking of audits should be based on the team's professional judgment (including the Head of the SAI if possible), informed by the assessment process results.

Make changes to the SAI's Annual/Multi-Annual Work Plan

Prioritisation and Resourcing: Once the SAI has ranked the shortlist of possible new audits, it can assess which of these can be included in the SAI's adjusted annual/multi-annual work plan. This process will also need to factor in any changes to the SAI's expected resources. New audits can be accommodated in three ways: adjustment, expansion and substitution.

Adjustment: the easiest solution is to include some new audits by adjusting the scope of audits in the original plan.

Expansion: The SAI could try to secure additional resources commensurate with taking on additional audits of national interest. It could also consider asking staff to work overtime and delay in the short term and bring in peer SAIs, external firms and individuals to support additional audit work if it is able to mobilise resources to fund this.

Substitution: Taking on new audit work will inevitably mean trade-offs. This will likely involve postponing, scaling down or cancelling audits included in the original plan. The SAI could identify potential audits from the original plan that seems the lowest priority given the changes to stakeholder expectations and emerging risks. New audits can be substituted for previously planned audits.

In adjusting its annual/multi-annual work plan, the SAI needs to be clear about the trade-offs it is making and why. The plan may indicate the audits that the SAI will conduct and the timing and sequencing of these audits, bearing in mind the timing of report submission/publication considered most likely to deliver impact.

Communicating the Revised Annual Audit Plan: Once the adjusted plan is approved, this must be communicated to key stakeholders and published. In communicating its plan, the SAI needs to clearly explain how the government's emergency plan and funds have responded to the pandemic, the resulting key risks the SAI has identified, the audits it plans to conduct in response, and any trade-offs it has made, to accommodate these new audits.

Finally, to remain agile, the SAI needs to build a continual review process into the revised plan and clarify that it will stay alert to emerging expectations and risks that may require further adjustment to the plan in the future.

Next step: initiating individual audits

After the SAI has adjusted its annual work plan with the new topics and has allocated the required resources to conduct the audits, the next step is to initiate audits as the engagement level. The first step in auditing at the engagement level is planning the audit. The following

sections provide a step-by-step guide on conducting a TAI audit as a direct reporting compliance audit engagement.

Planning an individual TAI audit engagement

Planning a TAI audit would require, first, formulating an *audit strategy* and then using the strategy to make the *audit plan*. The audit strategy sets the characteristics of the TAI audit. It determines the audit objective under the subject matter (or audit topic), scope, and criteria. The strategy also identifies the type of compliance audit engagement and the level of assurance the auditor will provide. Finally, it sets the audit team's composition, quality control mechanisms, and communication during the audit.

Determine audit objective and a manageable scope

The TAI **audit strategy** provides essential input to the audit plan by defining the audit objectives and the topic's scope and criteria.

The **audit objectives** are the questions that the SAI auditor seeks to answer in the audit. It is important to get these questions right as they determine the direction of the audit. For TAI Audits, such questions will focus on transparency, accountability, and inclusiveness of emergency funding for COVID-19. For example

- Does the emergency procurement framework provide for transparency, accountability and inclusiveness?
- Do the rules and regulations governing social-economic packages contain adequate transparency, accountability and inclusiveness requirements?
- Did the government carry out emergency procurements as per applicable rules and regulations?
- Did the government implement the socio-economic schemes as per applicable rules and regulations?

> **ISSAI check**
>
> ✓ Is the audit objective answerable?
> ✓ Is it aligned to the audit topic?

Audit scope refers to the area, extent, and period covered in the TAI audit. Scoping involves narrowing the audit topic to relatively significant issues pertaining to the audit objective that can be audited with the audit team's resources. In a multi-entity or thematic compliance audit (e.g. procurement in the TAI audit), the scoping includes identifying the entities included in the audit. While keeping the scope manageable, the TAI auditor needs to ensure that the audit topic is sufficiently covered so that a meaningful audit can be conducted that adds value to the intended users.

> **ISSAI check**
>
> ✓ Does the scope define the subject matter, and what is going to be audited?
> ✓ Does the scope address the needs of the intended user(s)?
> ✓ Did the team identify relevant audit criteria to provide a basis for a conclusion/an opinion on the topic?

In a TAI audit, the auditor can keep the scope manageable by scoping the audit in terms of the number of entities, class of transactions, or the period covered. For example, in auditing the emergency procurement of COVID-19 vaccines, a TAI auditor may decide to audit the compliance framework set up by the Ministry of Public Health for the procurement of the vaccines. The audit may also

look at the extent to which the distribution of COVID-19 vaccines from Jan-April 2021 meet the transparency, accountability and inclusiveness requirements as per regulations.

Audit criteria are the benchmarks derived from authorities used to evaluate the subject matter or audit topic. In TAI audit, the criteria can be specific or more general and maybe drawn from various sources, including laws, regulations, standards, sound principles and best practices. The responsible party (i.e. the entity) should be able to comment on the audit criteria before the audit starts to make sure that the audit will have the desired effect.

Audit criteria are concerned with the regularity (adherence to formal criteria such as relevant laws, regulations and agreements) or propriety (observance of the general principles governing sound financial management and public officials' conduct) aspects of the audit topic. In TAI audit the criteria could come from rules and regulations governing emergency public procurements, or socio-economic packages. The emergency public procurement frameworks and those of socio-economic packages can also be examined using propriety criteria like principles of transparency, accountability and inclusiveness.

There are a variety of sources for audit criteria. The TAI auditor may refer to the list of authorities below for sources for regularity criteria[16]. The auditor may need to look into these authorities as applicable to identify the criteria for the respective TAI audit topic.

- Parliamentary plenary resolutions, including policies
- International law that the country has acceded to or incorporated, such as the international law affecting national organisations, e.g. health sector
- International and supranational treaties
- Laws and regulations, rules, other legislative acts
- Constitutional budgetary laws and resolutions, the annual budgetary laws
- Regulations with financial effect in the public management
- Regulations governing the administrative and functional systems of a State or country
- Case law elaborated by jurisdictions
- Contracts/ agreements (e.g. with vendors); and
- Internal rules, procedures and processes issued by the audited entity (applicable depending on whether they form a part of the formal rules of the jurisdiction)

Also, depending on the national context, the TAI auditor can derive the authorities (sources) for propriety criteria from[17]:

- General principles for public officials in incurring expenditure on health goods and social services
- Principles and practices in safeguarding public funds against loss or wastage
- Codes of conduct/governance laying down broad principles to guide the conduct of public officials
- Ethics principles, including disclosure of conflict of interest requirements; and
- National or international good practices.

If there are no prescribed procedures for incurring public expenditure under certain special circumstances e.g. during an emergency like COVID-19, the propriety criteria to be followed could be whether the public official exercised the same level of prudence that a man of ordinary prudence would exercise in incurring such expenditure. A person of ordinary

---

[16] Guid-4900-1.pdf (issai.org)
[17] Guid-4900-1.pdf (issai.org)

prudence is likely to deviate from prescribed procedures such as inviting bids for procurement etc. in order to save lives in such emergency. The TAI auditor should therefore use professional judgment based on the expected behaviour of a person of ordinary prudence to arrive at audit conclusion on whether the deviations from procedures to procure the medical material, vaccines expected to be followed were warranted under the emergency.

Considering the subject matter, in a TAI audit engagement, the auditor will decide the topic and conclude on that. As such, the TAI audit is a **direct reporting** compliance audit engagement. While determining the audit's scope and subject matter, the TAI auditor also considers the **level of assurance** the audit will provide to the users.

There are two levels of assurance in compliance auditing that convey the message differently to the users. In a *reasonable assurance* engagement, the audit expresses that, in the auditor's opinion, the subject matter is or is not in compliance, in all material respects, with the stated criteria. A *limited assurance* engagement conveys that nothing has come to the auditor's attention to cause him/her to believe that the subject matter is not in compliance with the criteria.

The auditor uses the terms *reasonable* or *limited*. Even if the auditors are meticulous in their work, there is always a chance that they may not identify every instance of non-compliances in a TAI audit; therefore, they can make a wrong conclusion. It is impossible to provide an absolute (or a hundred per cent) assurance in an audit.

The TAI auditor will need to decide whether to conduct a limited or a reasonable assurance audit by considering the intended user's needs, availability of and access to information during the pandemic, and the extent of audit procedures required to be performed.

Needs of the intended user: The TAI auditor has to assess the needs of the audit's intended users to determine which type of assurance is more appropriate during the pandemic. Generally, the assessment process requires an understanding of the users' decisions and the kind of information they use for decision making. During the COVID-19 period, the users' needs are often urgent and evolve with their changing situations. While some SAIs may have mandated requirements that already define the level of assurance they should provide in the audit, other SAIs may consider the needs in determining which level of assurance to provide.

> **ISSAI check**
>
> ✓ Depending on the mandate of the SAI, the characteristics of the subject matter, and the needs of the intended user(s), did the team decide whether the audit shall provide reasonable or limited assurance?

Availability of and access to information: The TAI auditor needs to consider that providing reasonable assurance requires more extensive audit work. A reasonable assurance engagement needs the auditor to have access to the systems and processes used in the entity under audit (e.g. internal controls of an entity). Therefore, it demands more information than a limited assurance audit, which focuses on a narrower area. Thus, limitations on accessing the entity's data, especially during the pandemic, may likely lead to a limited assurance audit.

The extent of audit procedures: In a reasonable assurance engagement, the TAI auditor needs to perform the test of controls and detailed testing to reach an overall conclusion about the topic. The auditor could identify a sample of transactions representing the total population and extrapolate the results of sampling to the whole. The auditor needs to evaluate the entity's systems and processes to reach an overall conclusion in a reasonable assurance engagement.

Due to the urgency of the situation during the pandemic, the TAI auditor might not perform all these steps. In such a case, the auditor could consider providing limited assurance. In a limited assurance engagement, the aim is to obtain a level of assurance meaningful to the intended users. The auditor gathers sufficient and appropriate evidence to address the engagement objective; however, the procedures are limited compared to what is necessary for a reasonable assurance engagement.

The TAI auditor may need to modify the objectives, scope, methodology, and timing as the audit work progresses.

After finalising and documenting the audit strategy, the team will prepare the audit plan. The **audit plan** includes the following steps:
-   An assessment of risk and materiality, an assessment of internal controls
-   The audit procedures designed as a response to the risks identified.
-   Nature, timing and extent of planned audit procedures, and when the auditor will perform the audit procedures.
-   The potential audit evidence to be collected during the audit

These steps are explained below.

Assessing risks and materiality

After determining the audit objectives and scope of the TAI audit and agreed on the criteria, the auditor will assess the potential risks (of non-compliances in the topic) and materiality. The auditor accomplishes this by understanding the topic and its environment, and the entity's internal control systems. In this process, the TAI auditor might gather new information, which might affect the audit scope. The scope may change while conducting the audit if the auditors identify material information necessary to reconsider the scope. In the TAI audit, the auditor will need to determine the risks to the transparency, accountability, and inclusiveness of the emergency fund expenditure for COVID-19.

The assessment of the risks requires understanding the entity or the audit topic, its internal control systems, and identifying the inherent risks, control risks, and risks due to fraud. The auditor then applies the set materiality level on the risks identified and designs the audit procedures for the identified risks.

In the TAI audit case, considering COVID-19 and the human suffering it is causing everywhere, the auditor could determine the spending on emergency procurement and providing socio-economic packages to their citizens as potential areas. Assessing risks in these areas (as the audit topic) would require identifying the risks to compliance with the procurement process or distributing the socio-economic packages. In the TAI audit, the auditor will also determine the risks to the transparency, accountability and inclusiveness in procurement or socio-economic packages.

For example, in the distribution of socio-economic packages, some studies[18] show that marginalised groups are more likely to be affected by COVID-19. Also, women's access to reproductive health care is constrained during this time. Generally, women on the front lines are more affected by COVID-19. In providing the socio-economic packages, the TAI auditor could consider the risk of not being inclusive in determining the beneficiaries, e.g., women or marginalised groups.
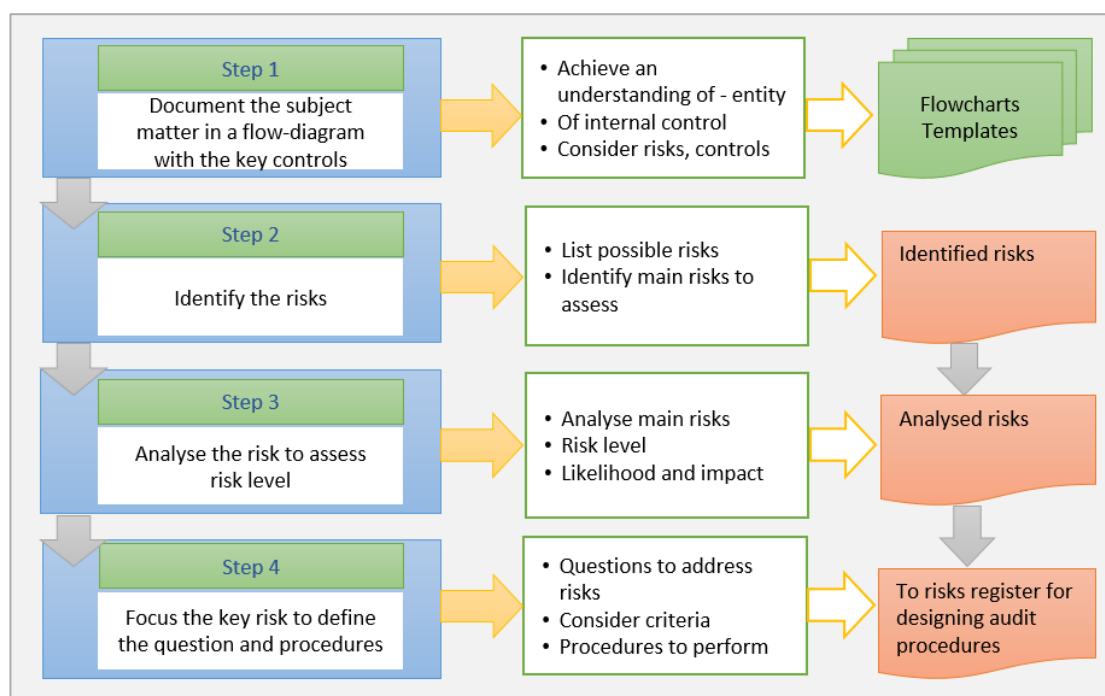
Risk assessment for TAI audit engagement

The TAI auditor can apply the following step-by-step process[19] to assess the risks and define the audit questions to address the identified risks.

Understanding the entity and its environment

The process allows the auditor to start with the acquired knowledge of the topic, collect relevant information on the topic in the COVID-19 time, and focus on the critical risks that will lead to the relevant audit questions. The auditor can apply the process of identifying inherent and controls risks in step 1 by understanding the entity and internal control for a TAI audit on procurement or socio-economic packages. The auditor will need to analyse the relevant entities/departments engaged in procurement (e.g. health

ISSAI check
✓ Did the team have an understanding of the audited entity and its environment, including the entity's internal control, to enable effective planning and execution of audit?

department for medical procurement) or distributing the socio-economic packages (e.g. Social welfare ministry, ministry of finance, local government authorities etc.). The key will be to target the audit to the riskiest areas concerning the audit objectives set.

---

[18] From insight to action: Gender equality in the wake of COVID-19, UN Women publication

[19] https://www.eca.europa.eu/Lists/ECADocuments/GUIDELINE_RISK_102013/GUIDELINE_RISK_102013_EN.pdf

Understanding of the internal controls during the COVID-19 period

The TAI auditor needs to assess the internal controls in the chosen area of TAI audit, e.g. procurement or the socio-economic packages, considering the emergency conditions under which the entities operate. The regular internal control system is likely to be constrained by the need for time which might increase non-compliance with the criteria. TAI auditors should consider that regular control mechanism, such as approvals, authorisations, verifications, reviews, segregation of duties may be compromised in the name of expediency.

To have an overall impression on the controls, if the conditions allow during the COVID-19 situation, the TAI auditor can perform a quick walk-through test of selected areas to test whether controls exist and are working effectively in the relevant entities, regarding the topics of procurement or socio-economic packages. In cases where the situation does not allow the auditor to perform such evaluation, the auditor may need to rely on earlier assessment of the entity by other audit teams, or rely on the information of the internal auditor, if exists.

Determine Risks

In addition to the likely ineffective or non-existent controls under emergency conditions, the inherent risk may be expected to be higher than usual.

For example, in the case of procurement of medical items, this may be due to the purchase of specialised equipment,

> **ISSAI check**
> ✓ Did the audit plan include an assessment of risk and of internal controls relevant for the audit?

e.g. ventilators, PPEs, vaccines, medical and other emergency services. For socio-economic packages for individuals and enterprises, there are risks in large cash transfers during the emergency, also operations in remote locations of the country.

Under these circumstances, the TAI auditor may need to focus on transparency, accountability and inclusiveness issues. When understanding the entity, applicable criteria, and operations, the auditor must focus on risks related to these three aspects at the framework level and on the transactions and remain sceptical and apply professional judgment in determining the risks. Additionally, the TAI auditor may need to invite relevant professionals within the office - and stakeholders who may be knowledgeable in the area of the audit topic or in risk assessment in general - to a brainstorming session to identify possible risks inherent in the topic under audit.

The TAI auditor also needs to determine the potential risks of fraud and corruption during emergency expenditure for dealing with the COVID-19.

The risk of fraud and error may have risen significantly due to the government's response to the COVID-19 pandemic. This is because the government has:
- spent more on things that are prone to fraud and error, such as providing socio-economic packages, support to the business community and individual businesses;
- prioritised speed when dealing with the emergency;
- introduced new supply chains at pace to procure emergency goods and services;
- relaxed or modified normal controls to enable remote working and remote access to services by citizens.

For example, while auditing the health department procurement, the TAI auditor may find a high risk of fraud in personal protective equipment procurement. Also, in the expenditure of

COVID-19 fund to respond to the emergency – for instance, procurement of medical equipment, vaccines and other medical services.

Example of risk assessment in TAI audit of socio-economic packages

A socio-economic package can be referred to as the spectrum of government authorities' measures to provide relief from the burden and pain caused by a disaster or situations such as the COVID-19 pandemic. Socio-economic packages under COVID-19 include:

- incentives to individuals and households, such as direct cash transfers, food relief, deferment of the payment of taxes, support to pay utility bills, and
- support such as deferment of taxes for businesses, financial contribution to retaining employees,

In the TAI audit, the auditor will need to assess the risks related to transparency, accountability, and inclusiveness in providing socio-economic packages. The TAI auditor will identify the relevant entities, programmes initiated by the government and evaluate the mechanisms and processes in distributing the packages. The auditor will also evaluate the controls in the process and determine the risky areas to focus on the audit. The TAI audit team could also focus on payments to enterprises in certain industries or regions, cash transfers to individuals, and the hinterlands. The auditor will check the rules and regulations regarding the disbursement of socio-economic packages and identify areas of concern.

Some example of risks related to providing socio-economic packages:
- The speed of delivery, the volume of transactions, limited due diligence,
- Inadequate planning and supervision may increase the chances of error and fraud significantly
- Risks related to cash transfers which involve direct transfer of cash to individuals and households
- Ineligible individuals who may receive cash, cash misappropriation of officials
- Individuals may receive cash more than they are due, abuse of scheme by politicians for political influence
- While electronic payment methods (such as bank transfers and mobile money) may reduce some of these risks, there may be risks in IT controls

Example of risks assessment in TAI audit for emergency procurements

Fraud and corruption are generally issues of concern in COVID-19 procurements. Especially for COVID-19 vaccine procurement and rollout, the TAI auditor needs to check transparency, accountability and inclusiveness of public contracts as part of governments' responses to the pandemic.

INTOSAI Guidance for audits of Public Procurement (GUID 5280: exposure draft) provides some key drivers of risks associated with public procurement:

- The large volume of substantial allocated public funds
- Variety of public procurement items, with many of them being procured en masse, like vaccine, PPEs
- Complex specification of properties and qualitative characteristics of numerous items procured, which complicates the assessment of public procurement substantiation
- The complexity of systems, rules, regulations, standards, requirements, and procurement process management mechanisms.
- The design complexity of the control systems
- The potential conflict of interests of the parties

-   Preconditions for misconduct, abuse, fraud, and corruption

As the countries are now preparing for vaccination of the whole population, the delivery of COVID-19 vaccines presents challenges[20] in scale, speed and specificities in most countries. TAI auditors may need to assess the risks in vaccine procurement, allocation and distribution and readiness of their respective countries. The auditor may consider:

- how the country is preparing itself for this massive undertaking to vaccinate the populations
- checking the existing mechanisms in the country of other vaccine programmes
- in determining the country readiness to deliver COVID-19 vaccines, the auditor may need to be careful in considering the existence of well-functioning child immunisation systems, which might not be a strong predictor of COVID-19 vaccine rollout
- if the country is focusing on strengthening essential aspects of the vaccine delivery chain
- if the country could use the opportunity provided by the deployment of COVID-19 vaccines to identify problems and strengthen the health systems and find long-lasting solutions for similar future challenges
- lack of centralised data on immunisation and vaccine information. COVID-19 vaccination campaigns offer opportunities for countries to digitise their information systems for tracking vaccines and monitoring vaccinations

Gavi, the Vaccine Alliance (www.gavi.org) has developed a COVID-19 risk and control matrix in the context of a lower income country. The risk matrix is based upon the World Health Organisation vaccine deployment and logistics manual (February 2021)[21].

Consideration of materiality in planning of TAI audit

Assessing Materiality in the planning phase helps the auditor identify the audit questions of importance to the intended user(s) and assess the material risks and determine the nature, timing and extent of audit procedures.

For TAI audit, determining materiality is a matter of professional judgment and depends on the auditor's interpretation of the users' needs. The intended user may judge a matter material if information about it is likely to influence the user's decision-making process.

> **ISSAI check**
>
> ✓ Did the auditor consider materiality throughout the audit process?

Materiality may focus on quantitative or qualitative factors. **Quantitative** materiality is determined by applying a percentage to a chosen benchmark as a starting point. This choice is a matter of auditors' judgment, which is based on the assessment of internal control, risk assessment, and the subject matter's sensitivity. The amount involved in procurement or socio-economic package distribution could be material as decided by the TAI auditor.

---

[20] https://www.worldbank.org/en/topic/health/publication/assessing-country-readiness-for-covid19-vaccines-first-insights-from-the-assessment-rollout

[21] COVID-19 vaccination: supply and logistics guidance (who.int)

As public expectations and public interest are high during the pandemic, TAI auditor may also consider the **qualitative** factors with the quantitative factors. The qualitative factors that may impact the auditor's determination of materiality include:

- Whether non-compliance is the result of an intentional or unintentional act
- When the topic is a government programme or an entity, whether a particular aspect of the programme or entity is significant concerning nature, visibility and sensitivity
- When the topic relates to compliance with law or regulation, the seriousness of the consequences or impact of non-compliance

How will the TAI auditor deal with identified risks?

As illustrated in the figure above, in step 4, the auditor will deal with the identified risks. The key risks identified are then turned to audit questions on which the auditor will perform the audit procedures. The auditor will consider the applicable criteria and check for compliance with the criteria. The risks and audit questions are systematically organised in an audit planning matrix, as explained below.

Formulating TAI Audit questions

Appropriately formulated audit questions help to answer the audit objectives and keep the audit in focus. The audit questions should be clear, understandable, and tailored to the subject matter or the topic.

In the case of TAI audit, the audit questions would depend on the audit topic, the scope of the audit and the aspects of transparency, accountability and inclusiveness. The audit topic could relate to emergency procurement for COVID-19, e.g. procurement of Personal Protective Equipment (PPE), vaccines, and other medical procurements. If the SAI selects socio-economic packages as the topic, the TAI auditor could also formulate questions on socio-economic packages. To consider inclusiveness, the auditor could check if the cash benefits are provided, for example, to the women and children and other vulnerable sections of the society in the respective country context.

In scoping the audit, the TAI auditor may decide to ask questions about the compliance framework, e.g. compliance framework for procurements, such as examining related frameworks to emergency procurements, compare them to general rules in the country such as constitution and find out gaps, and then may choose to examine individual transactions related to procurements or provision of socio-economic packages. In every case, we recommend that the audit questions cover the general compliance to the authorities and then three aspects of TAI audits – transparency, accountability and inclusiveness in procurement.

In formulating these questions, the auditor will need to consider the risk assessment (discussed earlier) and the applicable authorities and criteria.

Criteria are derived from the authorities (e.g. laws and regulations, policies, guidelines). For example, for public procurement during the pandemic, the criteria will derive from the respective sections of the guidelines/regulations of public procurement for a particular country.

For the TAI audit, the auditor can consider the respective regulations applicable for procurement or socio-economic packages (as the selected topic) of their respective country.

Depending on the audit topic and the scope decided on, the TAI auditor can ask audit questions under the following categories:

For emergency public procurements, management of donations and supply:
1. *The extent to which the applicable emergency public procurement framework provides for transparency, accountability, and inclusiveness*
2. *The extent to which emergency public procurements have been carried out in compliance with applicable rules and regulations related to transparency, accountability and inclusiveness*

For socio-economic packages:
1. *The extent to which the applicable compliance framework for socio-economic packages provides for transparency, accountability, and inclusiveness*
2. *The extent to which the socio-economic package compiles with applicable rules and regulations covering transparency, accountability, and inclusiveness*

For national rollout of COVID-19 vaccines:
SAIs may also decide to audit national rollout of COVID-19 vaccine. SAIs can adapt the audit objectives for emergency public procurement, management of donations and supply in case they wish to audit those aspects related to vaccines. If the SAIs plan to focus on priortisation and allocation within the national rollout then they may consider audit objectives such as-

1. *The extent to which the applicable compliance framework for prioritisation and allocation of vaccines provides for transparency, accountability, and inclusiveness.*
2. *The extent to which vaccines were distributed and allocated as per the applicable provisions of transparency, accountability and inclusiveness in the compliance framework.*

Let us understand how the TAI auditor can work on the audit question framework. For example, in auditing cash transfer under the socio-economic packages, the TAI auditor will first check the existing compliance framework, e.g. the relevant acts or regulations governing the cash transfer scheme. The auditor will review the transparency, accountability, and inclusiveness aspects covered in the operating entity's compliance framework in transferring the cash. The auditor will check to what extent the transparency, and accountability parameters exist in the framework to ensure that entities follow those in practice. Similarly, the auditor will review if the inclusiveness aspects are covered in the framework (of the act and regulations etc.) to be complied with. For example, the auditor may evaluate whether the compliance framework identifies vulnerable sections and requires specific actions to address their needs.

Once the framework level examination is complete, the auditor will check the framework's implementation, i.e. complying with the rules and regulations in the actual transfer of cash to the beneficiaries. For example, in distributing socio-economic packages, based on the sample selected and considering materiality, the auditor would check if ineligible beneficiaries received cash benefits. The auditor will then check whether the non-compliance was due to fraud or unclear criteria. Similarly, the auditor could check the implementation of the transparency and accountability aspect of the cash transfer scheme based on specific audit questions on this.

An illustrative set of audit questions (framework level and transaction level questions on emergency public procurement, management of donations and supply, socio-economic

packages, and national rollout of COVID-19 vaccines) can be accessed at TAI Audit Question Bank (idi.no). The TAI auditor may use these questions as a reference in planning and conducting the TAI audit. According to their national context, the auditors may need to customise these audit questions to the individual SAI's TAI audit engagement.

Design audit procedures to respond to the audit questions

Responses to the audit questions based on the assessed risks include designing audit procedures that address the risks.

In a TAI audit, the audit procedures will involve establishing the relevant criteria, i.e. the authorities that govern the entity and then measuring the questions under the topic (e.g. procurement or socio-economic packages) against those authorities.

> **ISSAI check**
> ✓ Did the plan include -
> - the audit procedures as a response to risks?
> - Nature, timing and extent of planned audit procedures and when they will be performed?
> - The potential audit evidence to be collected during the audit?

The auditor can use an audit planning matrix (shown below) for documenting the responses to the assessed risks. It outlines the requirements and procedures necessary to implement the audit objective and to make assessments against the audit criteria for each identified risk or audit question.

The matrix is flexible, and the team can update or modify its contents as the audit work progresses. It establishes a relationship between the audit objectives, audit procedures and audit fieldwork. It also facilitates audit supervision and review for quality control.

No.	Audit question/Risk Identified	Criteria	Required evidence/ information	Source of evidence/ information	Audit procedures to perform
1.	Audit question/Risk				
2.	Audit question/Risk				
3.	…				

Audit planning matrix

Based on the designed audit procedures for the risks identified and the potential audit evidence to be collected during the audit, the auditors perform the audit (explained in chapter seven).

Finalising the audit plan

At this stage, the team will finalise the TAI audit plan. Finalising the audit plan involves putting together all relevant documents and working papers that will support the audit's next steps. These include: the audit objective and questions, audit criteria, and scope; methodology, including techniques to be used for gathering evidence and conducting the data analysis; the audit design matrix; an overall activity plan that includes team composition, resources, and possible expertise required for the audit;

> **ISSAI check**
> ✓ Did the team develop and document an audit strategy and an audit plan that together describe how the audit will be performed to issue reports that will be appropriate in the circumstances?

and the estimated cost of the audit, the key project timeframes and milestones, and the main quality control points of the audit.

In following an agile audit approach, the TAI auditor may consider that many of the steps in finalising the plan might happen simultaneously. Often, the auditor will need to plan the audit in an evolving environment, taking into account the topic's dynamic nature. The compliance audit handbook provides further details on this process with the working paper templates.

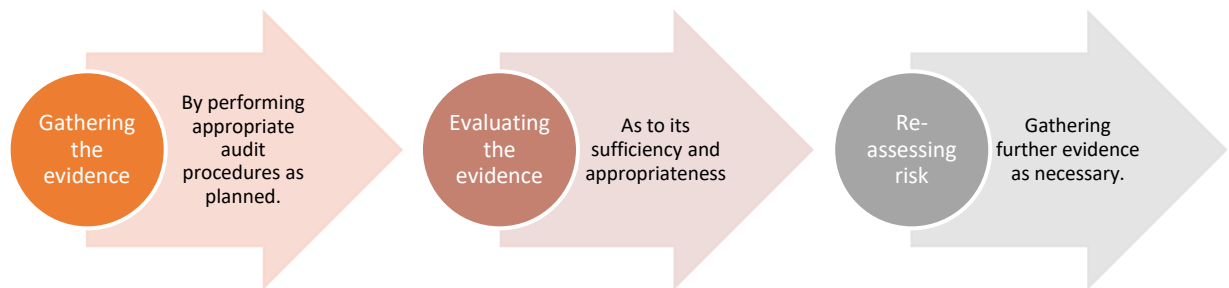Tip for TAI auditor: Keep in mind the focus on audit impact at the planning stage.

Next step:

Once the audit team identify and assess all risks, and based on the risks, formulated the audit questions, the team will consider those questions for audit testing using the audit planning matrix. The next step is to perform the audit procedures and gather and evaluate sufficient and appropriate audit evidence.

In the audit field-work phase, the auditors perform the audit procedures on the questions to gather sufficient and appropriate audit evidence. As determined in the audit planning matrix, the questions address the emergency expenditures of the COVID-19 fund in procurement or socio-economic packages, including transparency, accountability, and inclusiveness of such spending.

The TAI auditor may use audit **sampling**, where appropriate, to provide a sufficient number of items to conclude on the population from which the sample is selected. Audit sampling is applying audit procedures to less than 100 per cent of items within a population of the audit. The audit sample may be quantitative or qualitative, depending on the audit scope and the need for information to analyse the subject matter from several angles.

When designing an audit sample, the TAI auditor needs to consider the purpose of the audit procedure and the population's characteristics from which the sample will be drawn. When deciding which sample items to test, the auditor can either select all items (100% examination), select specific items or use audit sampling methods like judgmental, simple random or monetary unit sampling[22].

TAI auditors design and apply necessary audit procedures to obtain sufficient and appropriate audit evidence to form a conclusion about whether a subject matter (procurement or socio-economic package for TAI audit) complies, in all material respects, with the established criteria. The TAI auditor has to decide whether the audit evidence is sufficient and appropriate to provide the basis of a conclusion. Obtaining sufficient and appropriate audit evidence is a systemic and iterative process as it involves:

Gathering the evidence	By performing appropriate audit procedures as planned.	Evaluating the evidence	As to its sufficiency and appropriateness	Re-assessing risk	Gathering further evidence as necessary.

Sufficiency and Appropriateness of audit evidence

Sufficiency is a measure of the quantity of evidence needed to support the audit findings and conclusions. There is no formula to express how much evidence must be considered sufficient in absolute terms. In assessing the evidence's sufficiency, the TAI auditor needs to determine whether enough evidence has been obtained to persuade a knowledgeable person that the findings are reasonable.

The quantity of the audit evidence needed is related to the nature of the audit task. For example, to form a conclusion in a reasonable assurance engagement of the

> **ISSAI check**
> ✓ Were audit procedures planned and performed to obtain sufficient and appropriate audit evidence?
> ✓ Was a combination of audit techniques selected?
> ✓ Did the team use audit sampling, where appropriate to draw conclusions on the population?

socio-economic packages, the TAI auditor needs to obtain more evidence than a limited

---

[22] IDI's Compliance Audit ISSAI Implementation Handbook, page 84-86.

assurance engagement. A wider audit scope typically requires more audit evidence than a narrower scope of the audit topic. The quantity of evidence also depends on audit risk. The higher the risk, the more evidence is likely to be required.

Appropriateness is a measure of the quality of the audit evidence. It includes relevance, validity and reliability. Relevance is the extent to which evidence has a logical relationship with the issue being addressed. Relevant evidence helps the TAI auditor to answer the audit objective.

Validity is the extent to which evidence is meaningful or provide a reasonable basis for measuring what is being evaluated. Reliability is the extent to which the audit evidence has been gathered and produced following a transparent method. Reliable evidence fulfils the requirements for credibility.

Evidence gathering techniques

The TAI auditor may obtain evidence by carrying out a variety of techniques. The TAI auditor needs to judge which method (or a combination thereof) for obtaining audit evidence will be suitably reliable and balance the evidence against the cost of getting it. Commonly used evidence gathering techniques are the test of controls (observation, inspection, inquiry, re-performance) and substantive procedures (test of details and analytical procedures). During COVID-19 times, the TAI auditor may not be able to apply all these techniques, e.g. inspections, observations or test of details as explained below.

SAIs with jurisdictional powers perform procedures to obtain sufficient and appropriate audit evidence regarding the public official's liability who might be held responsible for non-compliance/unlawful acts. Also, in such SAIs, the inquiry shall be carried out in written form when requested by the national law.

Constraints for gathering evidence during COVID-19

During the COVID-19 period, the auditor may face challenges in gathering evidence compared to the normal period. Some of the challenges are:

- Inability to perform planned audits as per timelines
- Inaccessible geographical locations due to lockdowns, pandemic hotspots, and containment zones
- COVID-19 outbreaks within the SAI staff
- Inability to audit on-site due to travel restrictions, public transport risk, absence of proper accommodation - living and working space, audited entity premises are closed – or entity employees working remotely
- Inability to interview the entity management on-site or evaluate entity's internal controls on-site
- Entity officials are unable or unwilling to engage with auditors

In such a situation, to gather sufficient and appropriate evidence, the TAI auditor may need to consider different options.

Options for TAI auditors to gather evidence during COVID-19

- Assess the implications of Government interventions in terms of financial/budgetary and others. Based on that, carry out a quick audit risk reassessment and rework the audit plan in an agile manner, if required.

- Identify significant IT systems in the public sector which are the vehicles for implementing government interventions, if possible, holding financial (budgets and fund transfers) and beneficiary data, e.g., socio-economic packages.
- Where the entity data integrity is assured, consider IT-enabled audits
- Follow a two-phased audit approach – first Off-site and then on-site audits
  Off-site audits:
    - Desk reviews/interim audits using analytical audit procedures/information systems audits to derive assurance about adequacy and effectiveness of controls over entity IT systems and data
    - Use of IT tools to facilitate remote audits
    - Telephonic/email-based communication, and beneficiary and stakeholder survey
  On-site audits (when the pandemic related situation improves)
    - To carry out test of details, examination of manual records
    - Beneficiary surveys and physical inspection of works/projects, to the extent possible
- Engage with the responsible party/entities and the stakeholders through virtual platforms

Gathering evidence through virtual platforms

When face-to-face methods are not possible or desired, TAI auditors can use information and communication technology (ICT) to gather evidence. However, this presupposes that the entity has its information system that captures the operations, entity data and information is stored there, and the auditor can access those data remotely. In such cases, the TAI auditor could access the entity system for gathering evidence. The auditor can communicate with the entity through email, telephone, video conferencing, and similar means.

TAI auditor needs to consider if it is possible to use remote auditing approach from the audit planning stage. SAI management also could agree on the methods regarding ICT tools for conducting the audit remotely to gather evidence. Since using ICT to conduct the audit would be new for both the auditor and the audited entity, it will be beneficial to have continuous communication during the audit to deal with issues as they may emerge[23].

To manage the challenges during COVID 19 times, the TAI audit team may discuss the audit's likely limitations and clarify that it would make onsite visits when needed and possible. The auditor also needs to find out from the audited entity what restrictions (e.g. limited access, data non-availability) may be in place and determine how this may affect the audit (e.g. unintended delay).

Accessing entity documents and information system

Auditors may be given access to the audited entity's online information system. In such a case, the team should ensure that it abide by the data protection laws and regulations. If that option is not feasible, the audited entity can create a digital filing system that the auditors can access or send to them.

Once the audit team has the digital files, they can be uploaded to a sharing platform such as SharePoint, one drive, google docs, etc. The audit team can also use such a platform for the

---

[23] INTOSAI GUID 5280: Guidance for audits of Public Procurement (exposure draft), para 122-124.

audit work, including reviewing working papers. Interviews and other audit documentation can all be stored in this platform for use by the audit team.

TAI auditors need to consider the security and confidentiality of information. Relevant safeguards should be put in place and applied. There are laws and regulations governing data transmission and use in the respective country and entity, and the auditor may consider those. The audit team could also consider including members with knowledge of IT security who can assist with the application of data encryption, multi-factor authentication and other safeguards.

Conducting online meeting and interviews

In case the TAI auditor needs to conduct online meetings or interviews, the auditor needs to notify concerned persons and make arrangements in good time and with due regard to the availability of government officials during the emergency. The auditor could use questionnaires to obtain audit evidence, if feasible and practical, and various online tools to conduct interviews (free and proprietary services like Zoom, Skype, Microsoft teams, amongst others). It is critical to consider accessibility and data security while using these tools.

When a remote audit is not possible

In some cases, it may not be possible to access entity data and gather audit sufficient and appropriate evidence in a digital format. The audited entities may only have physical or manual records that the auditor cannot access electronically. The TAI auditor could consider the option of converting entity records into digital formats through scans, pictures, get documents delivered to a safe location or travel to the audited entity after ensuring safety.

This will require close cooperation between the auditor and the audited entity. Under these circumstances, auditors need to be flexible and innovative. For example, TAI auditors could be agile and consider limiting their sample of documents to review only those of very high risk. Also, the team could get documents scanned and then later make a site visit to confirm the authenticity of the documents.

In addition to documents scanned and sent to the audit team, TAI auditors themselves could take videos as audit evidence or have the audited entity do so and send it to them. To minimise physical contact during the pandemic, the TAI audit team could dedicate a specific day to visit the audited entity to take a video of the sample selected. Good coordination is essential so that the audited entity arranges beforehand all the relevant audit data or information are available.

The audit team leader may review and compile the photos and videos into a single folder and share them with the team members. Auditors need to take notes of queries they may have when examining evidence and seek clarification during remote meetings with the audited entity.

The audit team needs to maintain regular communication with the audited entity. The TAI audit team can also coordinate with the audited entity and ensure that the audited entity is not overburdened with different audit team members' requests. TAI auditors could share audit queries early throughout the audit, ideally during the regular meetings with the audited entity.

Evaluating the evidence gathered

The auditor compares the obtained audit evidence with the stated audit criteria to form audit findings for the audit conclusion. For a balanced and objective view, the evaluation process entails considering all evidence provided concerning the audit findings.

By evaluating the scope of work performed, the auditor determines whether she/he is able to draw a conclusion. If the scope of work is insufficient, the auditor might consider performing further procedures or modifying the opinion or conclusion.

For a balanced and objective view, the evaluation of evidence entails considering all evidence concerning the audit findings. By evaluating the scope of work performed, the auditor determines whether (s)he is able to conclude. The evidence-gathering process continues until the auditor is confident that sufficient and appropriate evidence exists to support the agreed level of assurance that will support the auditor's conclusion or opinion.

Formulating audit findings

An audit finding describes the compliance deviation, based on the information gathered during fieldwork, between the existing situation and the criteria. The findings and information obtained during the audit; the conclusions can be recorded in the findings matrix. The findings matrix is a useful tool to facilitate the assessment of the findings, whether they are based on sufficient appropriate evidence, and to prepare a coherent audit report. The table below shows the elements of an audit findings matrix.

ISSAI check
✓ Did the team compare the obtained audit evidence with the stated audit criteria to form audit findings?

Audit question	Audit criteria	Condition/ Evidence	Cause and effect

Tip for TAI auditor: Keep in mind the focus on audit impact at the conducting stage.

Next step:

Based on the audit findings and the materiality, the auditor will determine whether the subject matter is, in all material respects, in compliance with the applicable criteria. The auditor will formulate recommendations and describe all these in the audit report, as explained next.

Chapter 8: Report for impact in COVID-19 times

Reporting for impact in COVID-19 times includes writing effective, evidence-based conclusions, making future-oriented and impactful recommendations and issuing a timely, high quality reports which are accessible to all.

Writing effective audit conclusions in TAI Audit

The main objective of conclusions in an audit report is to provide clear answers to the audit questions. Therefore, conclusions should answer audit questions and should not be limited simply to a summary of the findings [24]. Based on materiality, the auditor shall conclude whether the subject matter is following the applicable criteria. The auditor takes into consideration both value, nature and context. This means that instances of non-compliance that would be considered material by nature or context

> **ISSAI check**
> ✓ Did the team, based on the audit findings, and the materiality, draw a conclusion whether the subject matter is, in all material respects, in compliance with the applicable criteria?

by the intended users can also lead to a conclusion on non-compliance[25]. According to standards, the auditor may take into consideration –

a) Visibility and sensitivity of the subject matter under audit (for example, is it the subject of significant public interest, does it impact vulnerable citizens, etc.) and
b) Needs and expectations of the legislature, the public or other users of the audit report [26]

In the TAI audit, when drafting conclusions, it will be relevant to focus on the effect of the non-compliance, gaps in providing expected responses to Covid-19, the inability of entities in responding to people /stakeholders needs and the failure of the entities to create the desired impact on people's lives. The conclusions need to be sufficiently clear to remove the risk of misinterpretation.[27] The auditor should ensure that:

> **ISSAI check**
> ✓ Did the auditor communicate the conclusion in the TAI audit report which can be expressed either as an opinion, conclusion, answer to specific audit questions or recommendations?

- Each audit conclusion is clear and concise – no need to repeat all of the findings in the conclusion sections
- Conclusion is quantified where possible and balanced in tone
- Conclusion is reflecting fairly the audit findings and provides a clear linkage to the recommendation of the report.

Tips for developing effective audit conclusions
- Link the conclusions back to the audit objective and explain why the audit is important
- Ensure that the conclusions are balanced, highlighting the significance (positive and negative) of the audit findings and the audited entity's progress (if any) in dealing with problem raised
- Make sure that the conclusions flow logically from findings
- Do not merely summarise or restate the findings but explain their significance and why recommendations are needed.

---

[24] European Court of accounts Performance audit Manual
[25] ISSAI 4000-185
[26] ISSAI 4000-187
[27] ISSAI 4000-203

Conveying impactful recommendations

The TAI auditor will provide recommendations while reporting on significant compliance deviations and cases where there is potential for considerable improvement. Recommendations are proposals to address the main problems or root cause identified related to non-compliance, and should come from the root cause determined.

When suggesting a recommendation, it is good practice to discuss the logic and probability of its implementation. This will enhance the recommendation's prospects for implementation. It may also be helpful to the intended user(s) that the auditor highlights ongoing corrective actions. To draft impactful, realistic and timely recommendations, the auditor needs to:

- Think about potential recommendations early in the audit process (for example, when understanding internal control in audit planning)
- Focus on root causes; the consideration of the causes of errors can facilitate the drafting of clear and cost-effective recommendations in the audit reports
- Discuss recommendations with the audited entity to identify the necessary changes and practical ways of implementation of recommendations

Recommendations may be published separately from the report. In this case, they might be issued in a letter of management. [28] To provide a TAI audit report which will add value, the auditor could classify audit recommendations according to the implementation deadlines (to be implemented immediately; in the short term or in the long term); the recommendations that could be implemented immediately are recommendations that do not require additional budget allocation or further reform.

Practical Tips for drafting recommendations[29]

- o Consult with stakeholders and audited entities
- o Consider priority and resources needed to carry out action
- o Consider national context
- o Avoid generic recommandations
- o Classify recommendations into categories
- o Focus on audit impact

Structure of a TAI audit report

---

[28] ISSAI 4000-217
[29] IDI's SDGs Audit Model (ISAM)

The TAI audit report, a direct reporting compliance audit engagement, includes the following elements[30] (not necessarily in this order):

- Title
- Identification of the auditing standards
- Executive summary (as appropriate)
- Description of the subject matter and the scope (extent and limits of the audit)
- Audit criteria
- Explanation and reasoning for the methods used
- Findings
- Conclusion(s) based on answers to specific audit questions or opinion
- Replies from the audited entity (as appropriate)
- Recommendations (as appropriate)

Characteristics of a high-quality report

To ensure that the report is produced in accordance with the standards of quality and is relevant for all its users, it should conform to the five principles of reporting.

ISSAI check
✓ Did the team prepare an audit report based on the principles of completeness, objectivity, timeliness, accuracy and contradiction?

Objectivity requires the auditor to apply professional judgment and scepticism to ensure that the report is factually correct. Findings and conclusions are presented in a relevant, fair and balanced manner.

Completeness requires the auditor to consider all relevant audit findings before issuing the report. The relationship between audit objectives, findings and conclusions need to be entirely and clearly stated.

Timeliness requires the auditor to prepare the report in due time when the findings are applicable and relevant for the intended users.

Accuracy and consultation require the auditor to check the accuracy of facts with the audited entity and ensure that the findings portray a correct and logical picture.

Contradiction requires that the auditor incorporate responses from the responsible party as appropriate and give answers to and assess the responses.

Considerations in issuing a timely report in COVID-19 times

Consider agile reporting

A timely, fact-based and hight quality audit on a targeted topic like COVID 19 expenditure aims to enhance the expenditure process's transparency, accountability, and inclusiveness. During a pandemic situation, the TAI auditor needs to be agile and apply an agile approach to improved engagement and remain transparent with the relevant stakeholders.

---

[30] ISSAI 4000/210

Being mindful of the purpose of the audit

The objectives of the audit and intended outcomes were defined at the planning stage or adjusted throughout the audit. The conclusions provided in a direct reporting reasonable assurance engagement like a TAI audit should directly link to the subject matter, and the evidence gathered.

Keeping the focus on the audit audience

Public-sector auditing involves at least three different parties: the auditor, a responsible party and intended users. The responsible parties are the individuals or organisations responsible for the subject matter information, managing the subject matter, or addressing recommendations, as per the constitutional, legislative or regulatory arrangements. Intended users are the individuals, organisations or classes thereof for whom the auditor prepares the audit report. The intended users may be legislative or oversight bodies, those charged with governance or the general public. [31]

Some key considerations in reporting on TAI audits

> – Who are the reader(s)of the report?
> – How can the report be accessible to all sections of stakeholders, especially the vulnerable and marginalized?
> – Is the medium of communication appropriate e.g., radio, print and electronic media, etc.
> – How do the issues raised in the audit impact the readers?
>> o Accountability
>> o Transparency
>> o Inclusiveness

Remote exit meeting

Usually, audited entity management and the audit team hold routine meetings to discuss the audit results. The meeting will focus on the report's outline and fill in the details that will support the report's main message. While exit meetings are routine in regular times, in COVI-19 time, the team may need to conduct remote meetings. The TAI audit team may:

- Provide sufficient notice and consider availability of audited entity personnel during emergency response.
- Share the meeting notes with the audited entity and invite them to comment on the notes to ensure that both parties have a common understanding, and
- Informing the audited entity of the next steps.

TAI audit team needs to ensure that all findings are thoroughly discussed with the audited entity. Avoid any form of a surprise to the audited entity during the reporting stage. Ensure that audit queries were raised with the audited entity early on when conducting the audit. Keep documentary evidence of such communication.

Document lessons learned throughout the audit, discuss these as a team and use them as a reference for the audit office.

Tip for TAI auditor: Keep in mind the focus on audit impact at the reporting stage.

---

[31] ISSAI 100-Fundamental Principles of Public-Sector Auditing, 25.

Chapter 9: Follow up and facilitate TAI audit impact

In chapter 3 of this guidance we recommended mainstreaming audit impact considerations throughout the audit process. After the TAI audit report is issued the SAI can take the following actions for following up and facilitating audit impact.

- Leverage on the stakeholder coalition created during the audit and continue to engage with key stakeholders for follow up and facilitation of audit impact.
- Develop and implement an action plan for following up on executive action on TAI audit conclusions and recommendations on a regular basis.
- Besides recommendations related to enhancing transparency and accountability, focus on following up on recommendations related to inclusiveness provisions for emergency spending.

Follow-up of audit refers to the SAI auditors' examination of the corrective action taken by responsible parties based on the audit results. Audit follow-up strengthens the impact of audit and lays the basis for improvements to future audit work.

The SAI can use several methods to follow up, depending on mandate, audit practices and capacity. These methods could involve meetings with the management of audited entities, requests for written information on progress at regular intervals, phone calls or limited field visits, collecting data through other audit teams or follow-up audits.

> **ISSAI check**
> ✓ Did the auditor decide to follow up on opinions/ conclusions/ recommendations of instances of non-compliance in the audit report when appropriate?

In case the SAI has broken up the TAI examination into a time series of tightly scoped audits, the SAI can follow up on the implementation of its recommendations during the next audit in the series. This is especially important in case of recommendations that relate to immediate corrective action for emergency public procurements or socio-economic packages.

More about TAI audits

We hope that this practical guide has been of some use to you in auditing transparency, accountability, and inclusiveness of the use of emergency funding for COVID-19. We have included a list of further readings in the next section. IDI will be supporting SAIs in conducting TAI audits through its integrated education and audit support platform. We will try to update links to other sources on the IDI webpage for TAI audits.

Further reading:

1. Accountability in a Time of Crisis, joint paper from IDI, CREFIAF, SAIs of Liberia and Sierra Leone, April 2020
2. All Hands on Deck: Harnessing Accountability through External Public Audits, IDI and the International Budget Partnership, 12 November 2020
3. COVID-19 Implications for SAI Strategic Management, IDI, May 2020
4. First special report on the financial management of Government's COVID-19 initiatives, Auditor-General South Africa, September 2020
5. Sprinting ahead with agile auditing, Galvanize, 2020
6. Supreme Audit Institutions and Stakeholder Engagement Practices: A Stocktaking Report, Effective Institutions Platform (EIP), September 2014
7. Corruption in the time of COVID-19: A double-threat for low-income countries", U4 Anti-Corruption Centre, Accessed 16 April 2020
8. "Do Whatever It Takes but Keep the Receipts"—the Public Financial Management Challenges, IMF Public Financial Management Blog, 22 April 2020, Accessed 23 November 2020
9. Getting government financial management systems COVID-19 ready, World Bank Blog, Accessed 16 April 2020
10. How the IMF is Promoting Transparent and Accountable Use of COVID-19 Financial Assistance, IMF, 30 June 2020, accessed 18 November 2020
11. Open Budget Survey: COVID Response Module, International Budget Partnership, DRAFT, October 2020
12. Performance Audit ISSAI Implementation Handbook, Version 0, IDI, July 2020
13. SAI Performance Measurement Framework 2016, Indicators 24 and 25, International Organisation of Supreme Audit Institutions
14. Compliance Audit Handbook, IDI, Version 1, June 2020
15. SAI Strategic Management Handbook, Version 0, IDI, March 2020
16. Compliance Audit Manual, AFROSAI-E, 1st Edition, November 2017
17. INTOSAI-P12 The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens, International Organisation of Supreme Audit Institutions
18. ISSAI 100 Fundamental Principles of Public Sector Auditing, International Organisation of Supreme Audit Institutions
19. ISSAI 400 Fundamental Principles of Compliance Auditing, International Organisation of Supreme Audit Institutions
20. ISSAI 4000 Compliance Audit Standard, International Organisation of Supreme Audit Institutions

Audit report links:

Jamaica
https://auditorgeneral.gov.jm/wp-content/uploads/2020/05/Audit-of-COVID-19-resource-allocation.pdf

Sierra Leone
https://www.auditservice.gov.sl/wp-content/uploads/2018/12/assl-report-on-ebola-funds-management-may-oct-2014.pdf
https://www.auditservice.gov.sl/wp-content/uploads/2018/12/assl-auditor-general-report-ebola-phase-2.pdf

South Africa
https://www.agsa.co.za/Portals/0/Reports/Special%20Reports/Covid-19%20Special%20report/Special%20report%20interactive%20_final.pdf