

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 SAI's 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 SAI's 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. SAI's 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, SAI's 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.