

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.