

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 select¹ 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 SAI's 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.

¹ 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 at 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.

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

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?

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 criteria². 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 from³:

- 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

² [Guid-4900-1.pdf \(issai.org\)](#)

³ [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.

ISSAI check

- ✓ Did the team identify relevant audit criteria prior to the audit to provide a basis for a conclusion/an opinion on the subject matter?

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.

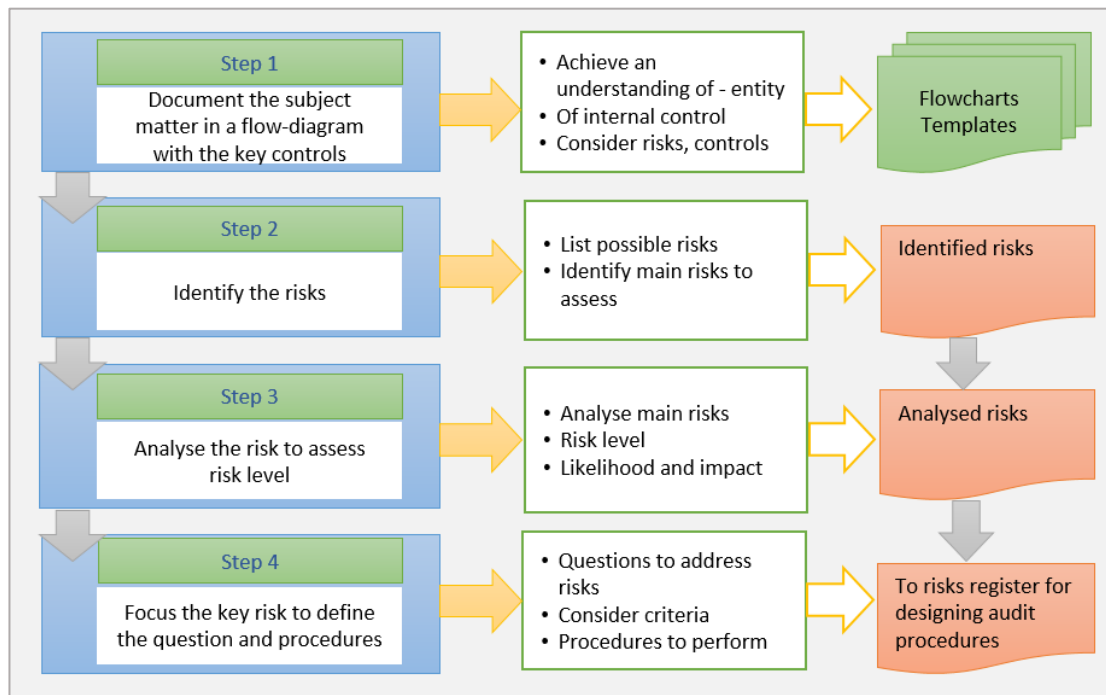
ISSAI check

- ✓ Did the auditor perform procedures to reduce the risk of producing incorrect conclusions?
- ✓ Did the auditor consider the risk of fraud throughout the audit process?

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 studies⁴ 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 process⁵ 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 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.

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?

⁴ From insight to action: Gender equality in the wake of COVID-19, UN Women publication

⁵ 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.

ISSAI check

- ✓ Did the audit plan include an assessment of risk and of internal controls relevant for the audit?

For example, in the case of procurement of medical items, this may be due to the purchase of specialised equipment, 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 challenges⁶ 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)⁷.

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.

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.

ISSAI check

- ✓ Did the auditor consider materiality throughout the audit process?

⁶ <https://www.worldbank.org/en/topic/health/publication/assessing-country-readiness-for-covid19-vaccines-first-insights-from-the-assessment-rollout>

⁷ [COVID-19 vaccination: supply and logistics guidance \(who.int\)](https://www.who.int/publications-detail/COVID-19-vaccination-supply-and-logistics-guidance)

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 complies 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 prioritisation 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.

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

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?

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?

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.