

## 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<sup>1</sup>. 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 by the intended users can also lead to a conclusion on non-compliance<sup>2</sup>. 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<sup>3</sup>

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.<sup>4</sup> The auditor should ensure that:

- 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.

#### 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?

#### 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?

#### 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.

<sup>1</sup> European Court of accounts Performance audit Manual

<sup>2</sup> ISSAI 4000-185

<sup>3</sup> ISSAI 4000-187

<sup>4</sup> 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

### ISSAI check

- ✓ Did the team communicate the level of assurance provided in a transparent way in the report?
- ✓ Did the team communicate the conclusion in an audit report?

Recommendations may be published separately from the report. In this case, they might be issued in a letter of management.<sup>5</sup> 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<sup>6</sup>

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

## Structure of a TAI audit report

The TAI audit report, a direct reporting compliance audit engagement, includes the following elements<sup>7</sup> (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)

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<sup>5</sup> ISSAI 4000-217

<sup>6</sup> IDI's SDGs Audit Model (ISAM)

<sup>7</sup> ISSAI 4000/210

- 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.

*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.

#### ISSAI check

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

### Considerations in issuing a timely report in COVID-19 times

#### Consider agile reporting

A timely, fact-based and high 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.

#### 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.<sup>8</sup>

#### 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?
  - Accountability
  - Transparency
  - 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.

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<sup>8</sup> ISSAI 100-Fundamental Principles of Public-Sector Auditing, 25.